DOCUMENT RESUME

ED 107 199 HE 006 603

TITLE National Task Force on Student Aid Problems. Final Report.
PUB DATE [75]
NOTE 152p.

EDRS PRICE MF-$0.76 HC-$8.24 PLUS POSTAGE
DESCRIPTORS Budgets; Data Analysis; *Delivery Systems; Exchange Programs; *Federal Aid; Grants; *Higher Education; Post Secondary Education; Scholarships; *State Aid; *Student Application; Student Loan Programs

ABSTRACT

This document presents a full discussion of the activities, findings, and recommendations of the National Task Force on Student Aid Problems. The task force was a voluntary association of concerned and interested agencies and organizations. Its only standing came from the support of those directly concerned with student aid problems. By design and agreement, the activities of the task force were limited to the delivery system for whatever federal, state, private, and institutional student aid programs exist to meet the needs of students in postsecondary education. The topics included in this document are: (1) the problems of analysis of student financial need, (2) the student common data form, (3) coordination and management of student aid programs, (4) the role and participation of students in the student aid system and partnership. Appendixes give: (1) organizations participating in the task force, (2) members of the working committee of the task force, (3) suggestions for the development of standard student expense budgets, (4) additional information about program information exchange, (5) a description of the consensus model for determination of parental and self-supporting students' ability to pay, (6) additional considerations about the common form. (Author/KE)

ED107199

NATIONAL TASK FORCE
ON
STUDENT AID PROBLEMS

FINAL REPORT

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PREFACE

This document presents a full discussion of the activities, findings, and recommendations of the National Task Force on Student Aid Problems. The Task Force was a voluntary association of concerned and interested agencies and organizations. Its only standing came from the support of those directly concerned with student aid problems. The only way its recommendations can be implemented is for those agencies, organizations, and individuals who have supported it to take the actions needed to carry out the recommendations.

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CHAPTER I

Introduction and Background

In 1955-56, the total amount of financial assistance available to students in postsecondary institutions was estimated to be around $96 million. By 1974-75, this amount had grown to nearly $6.1 billion, including Veterans Administration and Social Security Administration benefits, or an incredible growth of 66 times in 19 years. That such an enormous growth could have occurred as it did with as few problems as it has is amazing. Nevertheless, the problems of student aid are many and significant, as well as vexing and troublesome for students, parents, program administrators, and policy makers. They are increasingly becoming troublesome to the general public.

One of the basic problems is that the actions and activities of the various sources of student aid do not occur in a sequence which is consistent with their purposes. The prime example involves the processing and eligibility determination for the Basic Educational Opportunity Grant Program. The BEOG, established by Congress as the foundation upon which all other forms of student aid were to have been added, is under constraints which delay its announcement to a time when other student aid awards have already been made. Not only does this confuse the student and parents, but it involves a considerable amount of subsequent adjustment of other awards to assure that the total amount of financial need is not exceeded. These adjustments add to the confusion of students and parents and create more for the administrators of state, institutional, and private programs.

Another fundamental problem is the number of applications and data collection documents which students and parents must complete in order to demonstrate their need and eligibility for aid. A student applying for aid from just one postsecondary institution may have to complete as many as seven different forms to demonstrate eligibility for all of the aid available to him. In order to complete these forms, the student and parents must assemble information from their income tax forms and other records a number of times, decide how to respond to the slightly different questions on the number of forms, and then forward the different forms to a number of different places to meet a number of different deadlines.

Further confusion results from the fact that there are a number of different ways in which financial need is determined. The American College Testing Program and the College Scholarship Service, the two major service agencies providing determinations of parental ability to pay for postsecondary educational expenses, use different procedures and formulae in their processing. Even if the family provides identical information to the two services about their financial circumstances the resultant contribution expected of them may vary by as much as $1,000. In addition, the system used for determination of eligibility for the BEOG Program may yield yet another answer. Students and parents find it difficult to understand how one set of financial circumstances -- their own -- can yield three different estimates of their ability to pay.

Perhaps the most significant and important of the results of this confusion in the delivery of student aid is that many students are not served by the process. There is a strong feeling that large numbers of students with the desire for and potential to succeed in postsecondary education are in fact not enrolling because they lack the financial resources. It is probable that many of those who are not served by the process are from ethnic and racial minority groups.

Many factors contributed to this situation. One was simply the growth in numbers of students bound for some form of postsecondary education. A more significant factor was the increasing need and demand for more education and training from sectors of the general population whose members had not previously availed themselves of postsecondary education. Specifically, these were persons from low and lower income families, from racial and ethnic minority groups and from age groups outside the previously typical 18 to 21 year old "college age" population. Because they could not usually afford the full costs of education, their needs and demands for education created a demand for more and different student aid programs.

The needs of both the traditional and non-traditional populations were focused on educational institutions, governmental agencies and legislative bodies, private associations, and student aid programs themselves. Many of these parties responded by creating new aid programs and modifying or expanding old ones. But their responses did not occur in any systematic or coordinated fashion.

In part, this was because the needs were not equally distributed among or directed toward the parties responsible for creating or managing student aid programs. For example, in some states the needs for minority student aid programs were recognized by postsecondary institutions, while in others the minority student needs were equally recognized by outside institutions, the state legislature, and Congressional representatives.

The responses of the parties were also unequal with regard to the types of aid provided, the amount of aid provided, the criteria for aid eligibility, the management resources, operation of the program, and the ultimate purposes of the program. For example, many states have developed student aid programs, but some made grants while others made loans. Some states based eligibility for an award on potential scholarship, demonstrated financial need or both. Some states gave appropriations or made allocations to the potential students' institutions and asked the institutions to award the monies, but other states set up procedures where students applied for aid directly from some state agency that processed their applications and determined their awards.

The growth and development of the student aid programs which comprise today's student aid system can be described as functions or consequences of the sources, strength, and direction of demands on public and private parties (whether these parties are postsecondary institutions, state legislatures, the Congress, some governmental agency, foundation, or other agency); the ability and willingness of these parties to create new or revise old student aid programs; the choices of the kinds of responses to be made; and the extent to which these choices met the needs and in some cases created new ones. For example, the creation of a student aid program to meet the needs of currently enrolled students may foster larger enrollments which, in turn, produces new demands on the program to meet its original purpose. The entire "need - response - choice - new need" cycle has been identified as the environment of the student aid system. This environment is schematically diagrammed in Figure One.

Perhaps if all parties had recognized equal needs, had possessed equal ability and willingness to respond, and had made similar choices about the program responses they would make, the present confusing, uncoordinated, unplanned system of today would not exist. But this did not happen. The last twenty-five years tell a story of ever increasing student aid resources for ever increasing numbers of postsecondary students -- an achievement which is a justifiable source of pride for the United States. Equally important, and a source of frustration for students, parents, policy makers, and student aid administrators alike, is the fact that those resources have become increasingly diverse and complicated as to their kind and origin.

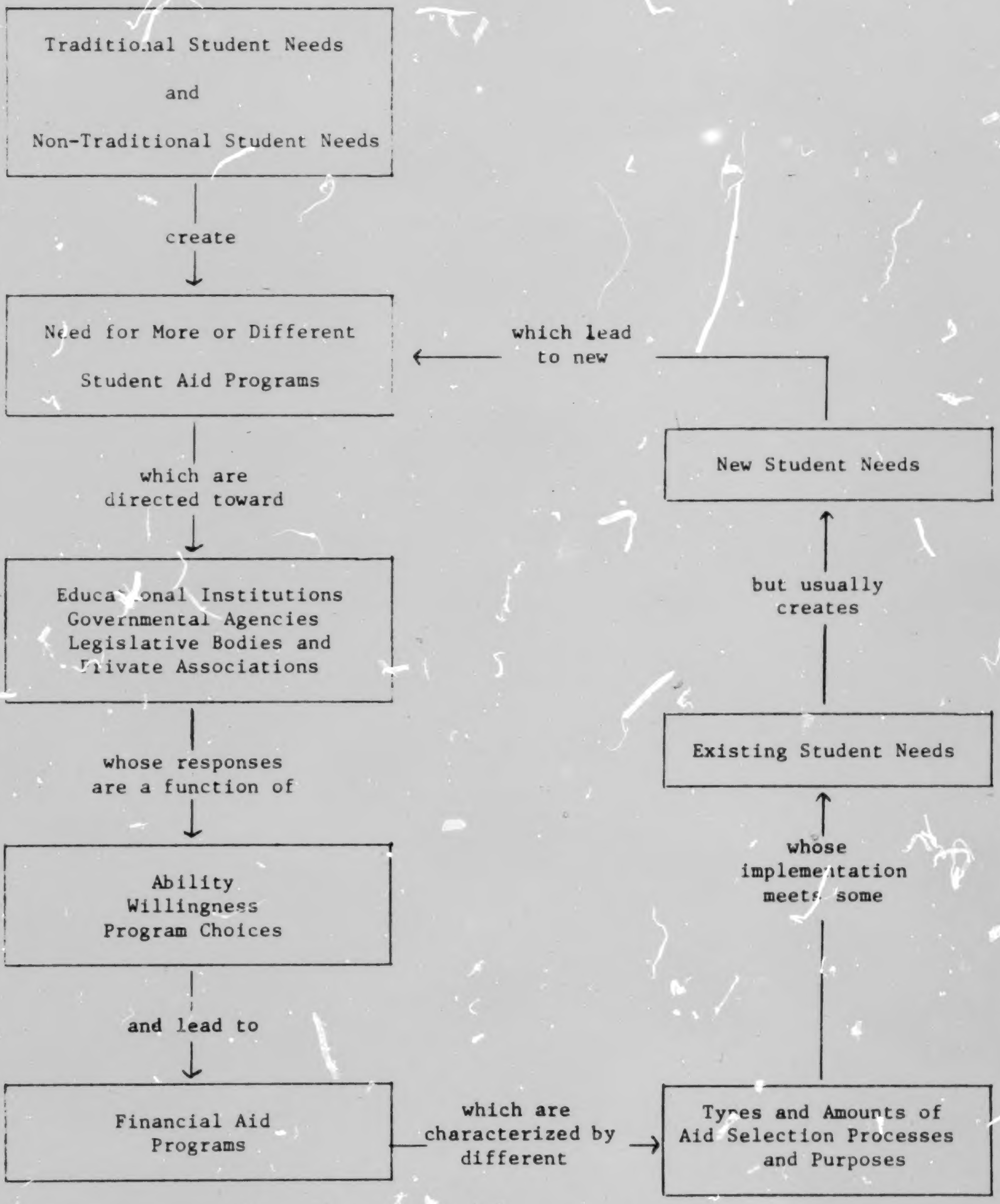
The present situation is a function of a combination of planned and unplanned, affective and cognitive behavior. It manifests itself in a high level of confusion. The primary impact of the confusion falls upon the students. Some are well served by the system, some are poorly served by the system, and some are not served at all.

Some of the factors which contribute to the lack of service to students are external to the system, e.g., student aid programs are frequently poorly funded due to competition from other sources for public funds or student aid programs are created in some states but not others, for some students but not others.

Other factors are internal to the system, e.g., the methods of getting information to students are inefficient or ineffective, the application processes are lengthy and complex, and need analysis systems used by the programs vary in the kinds of information needed and the results achieved.

FIGURE ONE

THE FINANCIAL AID ENVIRONMENT


Traditional Student Needs
and
Non-Traditional Student Needs
create
Need for More or Different
Student Aid Programs
which are
directed toward
Educational Institutions
Governmental Agencies
Legislative Bodies and
Private Associations
whose responses
are a function of
Ability
Willingness
Program Choices
and lead to
Financial Aid
Programs
which are
characterized by
different
Types and Amounts of
Aid Selection Processes
and Purposes
whose
implementation
meets some
Existing Student Needs
but usually
creates
New Student Needs
which lead
to new

Postsecondary education in the United States has traditionally advocated the solution of such problems through voluntary association and action by those individuals and organizations most directly involved, rather than through the imposition of Federal control. In this tradition, the National Task Force on Student Aid Problems was formed.

Early in the spring, 1974, representatives of the College Entrance Examination Board brought together leaders of several private foundations, postsecondary institutions, state student aid programs, and the Office of Education. These individuals agreed to provide the initial organizing effort and funding for the Task Force. Financial support was provided by the Carnegie Corporation of New York, the Ford Foundation, the Lilly Endowment, and the Alfred P. Sloan Foundation. No government money was used. The role of the College Board and the foundations was solely to convene the Task Force. Following its formal organization in May, 1974, they played no role other than as participants on an equal basis with representatives of more than 26 educational associations and organizations. (See Appendix A for a list of those participating.)

The first activity of the Task Force was to define the scope of its endeavors.

> *By design and agreement, the activities of the Task Force were limited to the delivery system for whatever Federal, state, private, and institutional student aid programs exist to meet the needs of students in postsecondary education. The Task Force did not engage in discussions of the most appropriate social policy for the financing of postsecondary education.*

While such considerations could not be totally divorced from the delivery system, the Task Force was not appropriately constituted for policy debate. Nor was the Task Force created to pre-empt the activities and functions of any other organization. The role of the Task Force was to integrate and implement the results of many existing efforts into the broader form of a total delivery system and then to achieve the support and backing of the associations and individuals who can bring them into being.

The primary thrust of the Task Force's activities was at the beginning of the student aid process, whereby students or potential students receive information about available aid, make application, are notified of the aid which can be made available specifically to them, and use that aid to begin or continue their education. The Task Force did not deal in any depth with subsequent activities of institutions or other agencies in dealing with student aid recipients.

> *Areas such as the need for tutorial or remedial programs, educational and vocational counseling, exit interviews, and loan collections were not considered in any depth. The Task Force realizes that these are important aspects of the totality of student aid, but both the temporal and financial resources of the Task Force were insufficient to provide the kind of in-depth study of these areas which they demand.*

The Task Force has met six times since it was formed. The three Working Committees which provided much of the material which the Task Force considered, met many more times. (A list of the members of these Working Committees is included in Appendix B.) The results of their deliberations as modified and approved by the Task Force form the basis of this report.

THE CONCEPTUAL FRAMEWORK OF STUDENT AID FOR STUDENTS IN POSTSECONDARY EDUCATION IN THE UNITED STATES

The Task Force believes that there is one basic premise which underlies all of the efforts to provide student aid for postsecondary education in the United States:

> *The primary purpose of student aid is to provide financial resources to students who would otherwise be unable to begin and complete the type of postsecondary education they wish to pursue. It is further agreed that the internal elements of the student aid programs should be such as to provide a coordinated system to achieve this primary purpose.*

The premise presupposes, of course, the existence of sufficient management resources to accomplish effective coordination. There is evidence to indicate that there are insufficient numbers of trained, skilled student aid administrators and program managers and their access to technological instruments is too limited to accomplish effective coordination. This problem is treated in the report.

Another basic premise of the present student aid efforts in the United States is that parents have a responsibility to continue to support their children through postsecondary education. Chapter II of this report will deal in considerable detail with the process of determining parental ability to pay. The Task Force reaffirms the role of the parents, and recognizes that one of the major sources of student aid is the parent.

The delivery of student aid is conceptualized as a partnership involving the Federal, state, institutional and private donors with the student recipients as full participants in the partnership. While one or another of the partners may have a primary responsibility or interest in some aspect of the system, all of the partners must be involved if the system is to be efficient. The system is conceptualized as coordinated rather than managed. The interests and needs of all partners will be brought together in a coordinated fashion to serve them all better.

In addition to the student and parents, there are four basic elements of the student aid system: the types of aid, the sources of aid, the selection processes, and the purposes of the aid.

There is general agreement on the three types of support which define student aid in the United States. Grants (also known as scholarships or grants-in-aid) are awards of money, discounts or remissions of charges, or similar financial considerations which require neither repayment at some future time nor service to be performed by the recipient. Loans are sums of money awarded with the stipulated requirement that they be repaid, in kind or service, in whole or in part, at some future date, in some cases with and in other cases without the payment of interest. Employment aid is money provided in reimbursement for specific services performed by the recipient and which is not subject to repayment at a future date.

The funding sources of student aid are also generally well understood: the Federal government, the state governments, the postsecondary educational institutions, and private agencies or individual donors. The selection processes, as presently constituted, are also generally well understood:

1. Direct selection of the student by the source agency, as in the case of the Basic Educational Opportunity Grant Program and the comprehensive state scholarship programs;
2. Indirect selection of the student through the institution he or she is attending with institutional representatives acting on behalf of the source agency, as in the cases of the Supplementary Educational Opportunity Grant Program, the College Work-Study Program, the National Direct Student Loan Program, and the other institutionally-based Federal aid programs;
3. Indirect selection of the student by a third party agent or organization which is neither the source of the funds nor the postsecondary institution, as in the case of some lenders in the Federally Insured Student Loan Program.

While the purposes of student aid are also generally known, they are not as generally agreed upon. This lack of agreement is perhaps a direct reflection of differences in willingness to respond to demands and differences in choices of responses. The Task Force has narrowly defined the primary purposes of student aid as being:

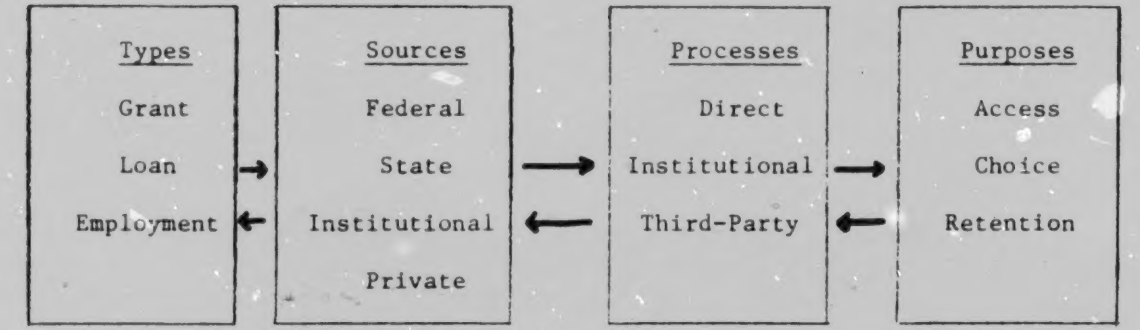
1. *To increase student access to some form of postsecondary education;*
2. *To provide students with increased choice among and between different postsecondary educational institutions and programs;*
3. *To increase the retention of students in postsecondary educational institutions.*

Aid to institutions has intentionally been omitted from the listing of primary purposes.

Acceptance of these forms, sources, selection processes, and purposes of student aid simplifies the development of the conceptual model. Certain forms of assistance, such as grants to institutions for the construction of facilities, are defined out of student aid. Payments to individuals who happen to be students for purposes other than those above, which would be made regardless of student status, such as welfare, are also defined out of student aid.

FIGURE TWO

ELEMENTS OF THE STUDENT FINANCIAL AID SYSTEM


Types
Grant
Loan
Employment
Sources
Federal
State
Institutional
Private
Processes
Direct
Institutional
Third-Party
Purposes
Access
Choice
Retention

One area which is not clearly understood is the interrelationship of the several sources of student aid funds. The impact of funds provided by the different sources is clearly pyramidal. Funds provided by the Federal government impact on all 50 states, the more than 4,000 participating postsecondary educational institutions, the uncounted thousands of private agencies and individuals granting student aid, and the hundreds of thousands of students receiving aid from some source.

Three elements of the ideal relationship among sources of aid are clear:

1. No source of student aid can be ignored in the coordination of programs since each influences all the others;
2. The primary beneficiary of coordination of programs should be the student;
3. Each source of student aid is responsible for coordinating its activities with those upon whom it impacts and with those which impact upon it.

Acceptance of the foregoing led the Task Force to adopt the following basic premise:

> *Each funding source of student aid has a primary responsibility to coordinate the types of aid, selection processes, and purposes which it serves with each other source of aid, and to report activities and changes in type, selection, and purpose to each other. Furthermore, no program of student aid should be established unless there is a clear statement of understanding of the relationship of its purpose, form and selection processes to other aid available from the same source and to aid available from other sources as they affect all students.*

There are at least three ways that better coordination and management of the financial aid system could be achieved in order to better serve the students, postsecondary institutions, and the general public. They are 1) changing the way the current system functions by developing better procedures for the management of the system but without changing the basic structure of the system; 2) changing the system itself by changing its structures, i.e., discontinuing some programs, modifying others, and creating new ones; or 3) changing both the functions and the structure of the system.

As indicated earlier, the activities of the Task Force were intentionally limited to the delivery system for whatever Federal, state, private, and institutional student aid programs exist. While the Task Force attempted to remain cognizant of the problems of student aid for graduate and professional students, most of the focus of its activities was on undergraduate student aid. This narrow definition of function limited activities, of necessity, to changing the way the current system functions by developing better procedures for the management of the system. The goals of this activity can most simply be stated as:

- *Reducing the confusion which faces students and their families in order to permit them access to the available student aid in the most efficient and effective way while respecting their human and legal rights.*

- *Improving the procedures by which the system is managed in order to permit the program managers to serve students, institutions, and society at minimal cost with maximal efficiency.*

- *Providing policy makers with an organized system in which they can make decisions which will best meet the needs of those for whom they are concerned and to assure that their intended goals can be most easily achieved.*

The Task Force is aware that improvement of the delivery system may appear to increase the need for student aid funds as more students become better able to identify aid for which they may qualify and apply for that aid. This apparent increase, however, will be the result of bringing more potentially eligible students into the process. The Task Force believes this is not only proper but necessary.

> *The activities of the Task Force, from its inception, have been a partnership of Federal, state, institutional, and student representatives working together. In some chapters of this report, one or another of these partners has been identified as having a particular responsibility for one or another aspect of the delivery system. It should be understood, however, that this responsibility has been identified in the context of a continuing partnership, with all parties participating as appropriate with the assigned agency or institution in the solution of the particular problem.*

A FINAL OBSERVATION

Even when all of the recommendations of the Task Force have been implemented, the fact will remain that the resources presently available are not sufficient to make the postsecondary educational opportunities available as freely as is done for elementary and secondary education. There is no agreement on the exact amount by which the present needs are under-funded, but there is agreement that postsecondary education has not yet evolved to the same place in our national priorities for the allocation of resources as have other levels. This is an issue which other organizations and groups must address.

CHAPTER II

The Problems of Analysis of Student Financial Need

Millions of students in the United States are faced with problems in finding adequate resources with which to meet the increasing direct student costs of postsecondary education. They are facing a situation where legislative and educational programs and priorities, coupled with the whole tradition of postsecondary education in the United States, have placed significant responsibility for the financing of higher education on the student and his/her family. It has been recognized, however, that many families are simply unable to provide the necessary funding from their present income and assets in order to allow their son or daughter to attend their chosen postsecondary educational institution. This recognition has led to the establishment, over the years, of a number of Federal, state, institutional, and private student aid programs to provide the necessary supplemental funds for students from these families. As the following table shows, an estimated $6.1 billion will be made available from these programs during the 1974-75 academic year, excluding funds for graduate students in the health professions:

Available Student Aid Funds

Federal Programs:		
National Direct Student Loans (Appropriations)	$ 292	million
National Direct Students Loans (Collections)	170	million
College Work-Study Employment	270.2	million
Supplemental Educational Opportunity Grants	210.3	million
Basic Educational Opportunity Grants	475	million
Guaranteed Student Loans	1,300	million
Bureau of Indian Affairs Grants	23	million
Law Enforcement Education Program Grants and Loans	40	million
Nursing Loans and Grants	44.5	million
State Scholarship Incentive Grants	19	million
	$ 2,844	million
Social Security Benefits	527	million
Veterans Benefits	1,570	million
	$ 4,941	million
State Scholarship and Grant Programs	429.3	million
Institutional Scholarship and Grant Programs	450	million
Institutional Employment Programs	280	million
Institutional Loans	30	million
Other Private Sources	50	million
	$ 6,180.3	million

The funds provided by the Veterans Administration and the Social Security Administration combine to form the largest sources of aid to students enrolled in postsecondary education. Unfortunately, they are not considered a formal part of the constellation of student aid programs with which the Task Force has been concerned. Delivery of these benefits is handled through channels separate from those of other forms of student aid.

Although they are not awarded on the basis of financial need, a student who has these benefits has less need than does a similar student without the benefits. The implications of this will be considered later in this chapter.

The vast majority of the money available, however, is awarded to students on the basis of a widely known but poorly understood process, NEED ANALYSIS. During the 1974-75 academic year, approximately $4 billion will be awarded to students on the basis of the need which they demonstrate.

One of the reasons that the process is poorly understood is that it has, in the past, often been used as a device to ration the available student aid funds through artificial or arbitrary decisions about the amount of "need" that the student and parents presented. What frequently passed for "need analysis" was really "resource analysis." The Task Force finds this unacceptable in a system which attempts to provide access, choice, and retention for students without sufficient resources of their own. The basic premise adopted by the Task Force as underlying the entire process of need analysis is:

> *The results of need analysis should be an objective and equitable measurement of the actual amount of money needed by a particular student to successfully complete a program of study at a particular institution. Much of the confusion of students and their parents derives from their inability to understand how they can finance an education on the basis of awards made under artificially limited measurement of their need. Estimates of parental contribution, student contribution, and budget should not be used as rationing devices. Efforts should be made to increase the level of funding available for student aid, but until that is accomplished the need analysis system and procedures should not be used to make it appear that needs are being met when in fact they are not.*

It is at present impossible to accurately document the difference between the goal of resources sufficient to meet the measured needs of present and potential students in postsecondary education and the total available resources. There is agreement, however, that a gap does presently exist.

> *The Task Force recommends that an impartial group composed of representatives of the American College Testing Program, College Scholarship Service, Graduate and Professional Financial Aid Council, Office of Education, and National Association of State Scholarship Programs be convened to compare the presently available resources with the best estimates of what is needed to fully fund the needs of students. The results of this investigation should be clearly stated for the benefit of public understanding.*

The Task Force intends that the recommendations which it has made should be implemented regardless of the level of funding available -- that is, that inability to provide funds at the needed level should not be a reason for not implementing Task Force recommendations.

THE MATTER OF DEFINITION

Few could quarrel with the simple definition of need analysis as the process of determining the difference between the cost of an education at a particular institution and the amount of money that a particular student and his family can reasonably make available from their own resources. Agreement would break down, however, when that simple definition begins to be applied to the much more complex processes employed by such organizations as the American College Testing Program, College Scholarship Service, Graduate and Professional Financial Aid Council, or Division of Basic and State Student Grants of the Office of Education. Further disagreement would occur when the activities of the several states and thousands of institutions, private agencies, organizations, and individuals providing the available student aid are considered.

The Task Force adopted the following definitions, both as mechanisms to clarify some confusion and as the means of describing with more precision the recommendations which follow:

> *Determination of ability to pay is a process which involves the measurement of the economic well-being or financial strength of the candidate and/or his or her family and the subsequent determination of a contribution toward educational expenses through the application of some "taxation rate" to the measure of financial strength.*
>
> *Determination of program eligibility is the translation of the purpose for which a student aid program has been established (whether implicit or explicit) into some measurable indicator of an academic, personal, or financial characteristic of the desired recipient or his or her family.*
>
> *Determination of financial need is the measurement of the specific amount of money needed by an individual student attending or planning to attend a particular postsecondary institution.*

Careful examination of the definition of need analysis will quickly show that it would be extremely difficult to establish a single national standard for a process which involves some 5,000 different institutions determining the need of some 12 million potential applicants for aid. One of the most important characteristics of need analysis, so defined, is its unique sensitivity to the particular problems of a particular student/family constellation in making financial plans to attend the particular postsecondary institution at which the process takes place. Some guidelines can be proposed which will assist the individual institutional aid administrator in assuring like treatment of like students, but the need analysis process must clearly remain one which recognizes special student, family, and institutional circumstances affecting the amount of money needed.

The process of establishing a single national standard of determination of program eligibility, though no doubt possible to achieve, is clearly beyond the scope of the activities of the Task Force. While the Task Force might counsel against the translation of the personal preferences of a private donor into a quantitative measure which would result in the donor's aid going only to students who come from families with incomes in excess of $50,000, it could not question the donor's right to make that decision regarding the distribution of his money. Similarly, it would be inappropriate for the Task Force to question the judgment of state legislatures which determine that they wish to limit the maximum level of parental income of recipients of their funds to some politically acceptable level, of the Federal government to target student aid resources to segments of the student population which have financial characteristics under-represented in the postsecondary educational population, or of private corporations to quantify their programatic purposes in ways which encourage students in particular curricular areas related to the business activities of the corporation.

Few would confuse program eligibility determination made on personal or academic qualifications with need analysis. Clearly, the award of a local Parent-Teacher Association scholarship to the valedictorian of the high school graduating class, or the award of a stipend to the engineering student with top honors in the freshman year by a local engineering firm with no regard to the student's financial circumstances would not be considered as need analysis. Eligibility determinations made on financial qualifications, however, may or may not be need analysis. The decision of the Parent-Teacher Association to award their scholarship to the "poorest" student in the graduating class would result in a determination based on need, but that process would not be need analysis *per se*. Their award could be made through a simple ranking of families on the basis of their total annual income without any regard to the amount of money needed at a particular institution. Such a procedure would guarantee that the recipient had need but would not attempt to assess the amount of that need.

Some would argue that many of the award determinations made by state programs and those of the Basic Educational Opportunity Grant Program are not need analysis determinations but rather program eligibility determinations. The argument is that their determinations are made to assure that the students have need, rather than to accurately assess the amount of that need. In addition, eligibility requirements which are intended to assure that student recipients come from families in certain limited segments of the economic distribution may appear to be need analysis when in fact they are not. The eligibility requirements which formerly applied to the Supplementary Educational Opportunity Grant (SEOG, formerly EOG) program, where no grants could be made to students who could expect to receive a contribution of more than $625 from their families or who came from families with incomes in excess of $9,000, were neither intended or viewed as need analysis.

The important point is not to draw fine, and perhaps artificial, lines of distinction between processes which may not need to be separated, but rather to acknowledge that some aspects of what may be called need analysis may in fact be rooted in program eligibility requirements which are not necessarily related to the amount of money needed by an individual student attending a particular individual institution.

The definition of determination of ability to pay represents one important aspect of need analysis, but should not be confused with the total process. Need analysis can be characterized as a four-step process:

1. measurement of the economic well-being of the appropriate student and/or parent family unit;
2. association of quantitative measures of that well-being with a quantitative estimate(s) of ability to meet postsecondary educational expenses in general;
3. determination of the appropriate student expense budget which will need to be met in order to provide funds adequate for attendance; and,
4. comparison of the derived ability to pay (step 2) with the determined budget (step 3) to arrive at the amount of money needed.

This method of looking at the process identifies another area of confusion concerning need analysis -- the activities of the two national "need analysis organizations." The systems which have been developed by ACT and CSS are in reality national standards of determination of ability to pay. Recent expansions of their respective data bases have begun to provide some better diagnoses for some of the ailments involved in the analysis of the appropriate student expense budgets (step 3), but most of their activities beyond determination of ability to pay have been arithmetic manipulations for the administrative convenience of their constituents. Their systems for the determination of parental (and perhaps student) ability to pay are based on sound economic theory and extensive practical research and represent national standards. Determination of ability to pay, however, involves only the first two steps, and these the national systems do admirably. Need analysis requires an individual aid administrator to review, adjust, and modify the results of the prior steps to reflect the particular circumstances of the individual student.

Having accepted this definitional framework, the Task Force directed its attention to the two aspects of the need analysis process which appear to be amenable to the development of national standards: determination of ability to pay and determination of the appropriate budgets to be used in evaluating student costs. Standardization of these two aspects of the total need analysis process will help to assure that the final individualized action produces more consistency and equity for students.

DEVELOPMENT OF A STANDARD FOR THE DETERMINATION OF ABILITY TO PAY

Sophisticated models for determining the ability of the family unit (or any other resource pooling unit) to meet some or all of the costs of a postsecondary education are composed of two conceptually different parts. The first is a measurement of the economic well-being or financial strength of the family unit, and results in some index of financial strength. In the model used by the American College Testing Program this index is the adjusted available income; in the College Scholarship Service model the adjusted effective income. The second is the association of this quantitative measure of economic well-being with a quantitative estimate of the ability to meet postsecondary expenses from the dollars represented by that measure. In both systems, the application of this "taxation" rate to the adjusted income results in a dollar value contribution estimate which can be used by the student aid administrator in the determination of financial need.

The model used by the Basic Educational Opportunity Grant Program for the 1974-75 year embodies the first step in this process, and results in the production of an eligibility index which is an indirect measure of the economic well-being of the family unit. This index cannot be used by the student aid administrator in determining financial need, but is used by the Program in determining eligibility for and amount of assistance.

While the differences in the "answers" produced by these three systems may be understandable to the initiated, they are not equally well understood by the student and parent "consumers" of the systems. Parents and students fail to understand how their single set of financial circumstances could produce two or three different determinations of their ability to pay. Legislators, both state and Federal, reflecting the confusion of their constituents, are equally unable to understand the differences. In a time of rapidly rising inflation, these differences are even less understandable.

The Task Force believed that a single standard for the determination of ability to pay can be constructed and should be used. Such a standard would assure that the levels of contribution determined by at least the ACT and CSS systems would be identical for the same family submitting the same financial data to both. If programatic considerations can be overcome, it might be possible for the standard to be used by the BEOG Program, thereby bringing into agreement the determinations made by all three major public systems. Creation of such a single national standard, however, was not a simple process.

The least difficult approach would be to develop a standard which resulted only in the production of an index which would assure horizontal equity among families — equal treatment of equals. This necessitates only the specification of the variables related to family financial strength and the relationship between and among financial strength and each of the relevant variables. Generally accepted economic theory can be used valuably to identify reasonable alternatives and assumptions which can be made and tested. Theoretically, this would seem to be an easy process.

In a report published by the American College Testing Program ("The Measurement of Economic Well-Being in Need Analysis Models"), William Goggin identifies some of the inherent difficulties in this approach. Goggin takes four different propositions, each of which represents a competing view of the proper treatment of income and assets in need analysis and which would be likely to underpin any need analysis system which might be developed. Using five hypothetical (but in no way atypical) families, Goggin constructs a measure of economic well-being based on each of the competing assumptions, and then uses these indices to rank the families. His analysis shows that "the four propositions give rise to many different rankings and distributions. Indeed, the third proposition alone results in four different rankings . . . depending on the procedure employed . . . . Analysis of the theoretical characteristics uncovers many arbitrary assumptions and value judgments inherent in each approach . . . ."

There is a sound reason for using an index measure of financial strength without contribution figures when a program's funds are limited and provide only a portion of the total aid package for a student as is the case with the Basic Educational Opportunity Grant Program. In such cases, the program's purpose can be translated into a quantitative measure which indicates that aid will be provided to students with an index of less than "N." Once this is done, alternative functions which associate an award amount with each value of the index within the resulting distributions of award can be compared to the program's purposes and the "best alternative" chosen.

In order to move to the next step in the models for determining family contribution, it is necessary to employ a "tax rate" against the index of family strength to derive the parental contribution. There are a number of good reasons for making this next step. Although the index number can be helpful to the program administrator whose assistance is not designed to meet the total need of a student, the institutional aid administrator must be concerned with the accurate measurement, in hard dollar terms, of the total amount of financial need of the candidate. Without this measurement he cannot determine how much aid to offer. Further, without the development of the parental contribution it is not possible to determine the aggregate need of the population for planning purposes -- whether the population is an individual institution making plans of its own or requesting money from an outside agency, or a state or Federal agency attempting to determine the appropriate level of funding for a program.

Another appropriate and important function of the estimate of parental contribution (or ability to pay) lies in communication. While some would consider the communication function a negative reason for its construction ("There is no possible way that I can provide my son with $N to go to your college . . . .") it is necessary for students and their parents to be aware of the expectations which have been made in the process of offering (or not offering) financial aid. Proper planning on the part of students and parents cannot occur in the absence of this "guidance" information about the expected parental contribution.

In spite of its value, the process of determining the function which associates a contribution figure with each value of the index is one of the most difficult to defend. There is no scientific formula for setting taxing or contribution rates, nor can there be. Such rates can only be set on the basis of experience with families of student aid applicants and the best judgment of knowledgeable economists and aid administrators. In this sense, the setting of contribution rates in all of the present systems is arbitrary, or as one graduate dean recently said more kindly, based on judgments on which reasonable people can and will disagree.

The establishment of the rates at which contribution will be expected from the index of financial strength is arbitrary for at least two reasons. First, there is no body of independent economic data or theory which permits the exogenous stipulation of the proper share of wealth which should be devoted to the education of children. Data from such sources as the Bureau of Labor Statistics can be helpful in providing the consumption data which permit estimates of the amount which it costs to maintain children in the home, and thereby provide some estimates of the amount of savings which would result if the child were no longer living in the home -- but the determination of what portion, if any, of that cash savings should be devoted to the education of the child as opposed to the improvement of the standard of living of those remaining in the family unit is arbitrary. Beyond that amount which may be saved through decreases in the expenditures for maintenance, there is no body of economic data which provides information about what should be contributed toward educational expenses -- and there cannot be. This is beyond the scope of data collection.

The second reason for the arbitrary nature of the taxation rates is that they are produced with an assumption of "financial duress" applied to the families. Studies have shown that families largely contribute what is expected of them -- not necessarily because of the appropriateness of those expectations, but rather because it was required of them. To the extent that a family values education for its children, it will make the sacrifices expected by the aid administrators through their determination and communication of "an expected parental contribution."

Nevertheless, a model which makes assumptions about the combination of elements of the family financial situation, establishes an index of economic well-being on the basis of the relationship of those elements, and applies a taxation rate to determine an expected contribution is mandatory in situations where a dollar contribution figure is essential to the determination of the amount of support which will be provided in need analysis. Reasonable men can and must make the assumptions even though they are subject to disagreement and arbitrariness.

> *The major problem is that more than one contribution model exists and aid applicants show different contributions for the same programs which use these contributions as inputs.*

It would have been an enormous and probably ultimately ineffective mission for the Task Force to have undertaken the complete development of its own system for determining ability to pay. It would have been possible but difficult to identify the items which should go into the estimate of financial strength. Economic theory could have been used to identify their relationship to each other and the Task Force participants could have applied their own judgments about which set of assumptions to use. A taxation formula which was no more arbitrary than any other could have been developed.

The end result of this process would have produced a system for determining ability to pay -- but the time and expense would have been beyond the present financial and temporal capacity of the Task Force. Three years ago, the College Entrance Examination Board undertook a thorough review of their existing system. This effort, similar to what the Task Force would have been required to do in order to develop a new system, took more than 18 months and cost in excess of $150,000 (not including the expenses of the regular full-time staff of the College Board which supported the undertaking). It was estimated that the cost of implementing the system developed would have been in excess of $800,000 and would have taken an additional two years.

An undertaking of this magnitude would clearly be beyond the capacity of the Task Force. Even if it were possible it would not solve the problems of ownership and operation of the system. Unless the Task Force could establish some mechanism for producing and enforcing the use of the results of the new standard, no gain would result. It is unlikely that the present operators of systems would abandon their own systems in favor of one developed independently by the Task Force.

The designation of any of the existing systems as the single national standard, even if it could be accomplished, would have been clearly inappropriate for the Task Force.

> *The only viable alternative appeared to be that of bringing the results produced by the presently existing systems into agreement.*

The advantages of this solution are many. First, it avoids the necessity of the Task Force identifying the items which go into the measure of economic well-being, their relationship to each other, and the rate at which they should be taxed. This is not to say that the arbitrary nature of some of these assumptions would be avoided, but rather that the Task Force would not have to make an additional set of arbitrary assumptions. The two existing services have spent many years examining the reasonableness and equity of their assumptions and it is unlikely that the Task Force could improve significantly on their decisions. Second, by bringing together their results the problems of ownership and operation are avoided. Each could then continue to provide the services they now do to their constituents with the assurance that the estimate of parental contribution will be the same for families with the same financial situations. Third, it will make it unnecessary for any program manager or student aid administrator to choose between the differing results of the two systems for use when awarding funds. Finally, it is a solution which will produce significant political gains among all of the constituencies concerned with the present problems.

In February, 1971, the staffs of ACT and CSS began discussions, at the suggestion of the Office of Education, designed to reconcile the major differences between their two systems. One of the reasons prompting the Office of Education suggestion was the then-pending legislation for the establishment of the BEOG Program. Those discussions continued over a period of 18 months, and were very productive. Both services agreed to the use of a common base year, cost of living adjustments and similar family size differentials. ACT agreed to accept an asset treatment similar to that of CSS. CSS agreed to modify their asset taxation rates to more closely parallel those of ACT.

There was widespread support among the program managers for this process of moving together, primarily as a means of eliminating the necessity of the development of a full-fledged Federal need analysis system. The development of the separate Federal method for the BEOG Program, however, reduced this substantial motivation to make further changes. Both CSS and ACT supporters reacted strongly to the apparent sacrifice of autonomy for no gain.

At the time those discussions were discontinued, three major issues remained to be resolved: the treatment of families with more than one child in college; the asset taxation rates; and the procedures by which input data would be edited for entry into the computation system. During the past years, further independent changes to each of the systems produced other differences which now must be resolved.

It appeared to the Task Force that its own existence as an independent, impartial body representing the concerns of the constituencies of both ACT and CSS as well as other interested and concerned constituencies in the postsecondary education arena could provide further motivation for accommodation by the two services. For that reason it was proposed to the management of both the American College Testing Program and the College Entrance Examination Board:

1. *That the two groups immediately begin formal discussions to identify and resolve those areas which cause their analyses of families with the same financial circumstances to produce different expected contributions;*

2. *That representatives of the Task Force participate in those discussions as non-voting observers;*

3. *That the Committee on Need Analysis and, if necessary, the Task Force itself serve as arbitrator and/or "supreme court" in decisions where the two services are unable to reach mutually agreeable compromises.*

This proposal was accepted by the managers at both organizations. The Office of Education agreed to participate in these discussions and, where possible, make similar changes in the BEOG Program eligibility determinations which would bring their results into congruence with those of CSS and ACT.

While recognizing that accomplishment of changes which would produce the same results from both services would be a major achievement, the Task Force suggested that both systems consider additional changes to their systems which would provide even further reduction of the problems faced by students and their parents. Among the items that the Task Force hoped ACT and CSS would consider during their discussions are:

1. That the data base derive from items agreed to by the participants in the Committee on Common Form;

2. That the number of factors used to produce the analysis be as few as possible, and that each which is included be demonstrated to have greater impact on the result than other factors which have not been included;

3. That an index of relative economic strength be constructed and reported in addition to an expected contribution level.

The Task Force believes that inclusion of these factors in the present systems would improve both.

The first joint meeting of ACT and CEEB was held in late October, 1974. At that meeting an initial draft of a "consensus" model for determining parental ability to pay was begun.

The proposed consensus model is based on several assumptions, and its levels of expectation are related to current economic concepts and the best available evidence of parental ability to pay as used by the national services.

> *The underlying principle of the proposed national standard is that parents have an obligation to finance the education of their children to the extent that they are able. In analyzing the family's financial strength, both income and assets are considered to provide the most complete index of the family's ability to pay for postsecondary education. A major assumption of the proposed national standard is that family size and expenses must be considered in order to measure the true ability of the family to contribute to educational costs. So, too, must such other factors that will alter a family's financial strength. Another general assumption of the proposed national standard is that the family must be accepted in their present financial condition.*

Any system that analyzes financial need must deal first with the objective facts of family financial circumstances. It cannot make distinctions between the frugal poor and the spendthrifty. It cannot distinguish between improvidence and financial tragedy. Families with similar incomes may have dissimilar assets for a variety of reasons. Previous illness, bankruptcy, or unemployment may have depleted the assets of a family. If a family were expected to contribute an amount greater than its present ability dictated, the student would be penalized by being forced to find a way to assume the financial burden that could not be met by either parents or existing aid programs.

An objective system of student need analysis must treat all families equitably, recognizing the pecularities of each family's situation to the greatest extent possible. It must consider expenses and expenditures that are not a matter of family choice. On the other hand, a need analysis system should not make adjustments in its estimates of financial strength because of differences in family situations which result from family choice. For example, a family that owes a large debt on an automobile is treated identically with a family that owns a fully paid-for car. Even though the first family has a debt and is required to allocate more of its income to paying that debt, the purchase of the automobile generally reflects family choice. This obligation is not considered in the estimate of its ability to pay for college.

Although accurate, objective data are the basis for systematic need analysis, the resulting contribution should be considered as a reliable recommendation. Complexities in individual family financial circumstances and differences in attitudes toward education frequently require an aid administrator to consider appropriate adjustments for specific families. In doing this he or she must evaluate both the objective and subjective information available.

The program managers of CSS, ACT, GAPFAC, and the Basic Grant Program have continued to meet with representatives of the Task Force to elaborate the details of the Consensus Model. The agreements they had reached by January were published and circulated in the Draft Final Report for review and comment by financial aid administrators, educational policymakers, and the general public.

ACT, CSS, and GAPFAC sought and received constituent approval for the agreements that had been made. The model and its elements were publicly reviewed at several association meetings between January and May. Many of the comments and recommendations of constituent groups and agencies were incorporated into the Consensus Model.

A panel of economists was convened in May to review the Model and to suggest ways in which it might be improved. The panel consisted of Robert Hartman, Brookings Institute; Dorothy Projector, Social Security Administration; and Douglas Windham, University of Chicago. Each panelist has had extensive experience in student economics and the principles of need analysis. Their reactions to the Model were quite positive and supportive. Several of their suggestions were incorporated in the Model, which is described in detail in Appendix E.

ACT, CSS, and GAPFAC have agreed that the Consensus Model will be implemented for processing beginning in the FALL, 1975, for students applying for aid for the 1976-1977 academic year.

During meetings of the Working Committee on Need Analysis and the final meeting of the Task Force, representatives of the Department of Health, Education, and Welfare and the United States Office of Education expressed the belief that the Consensus Model's expected parental contributions from families whose incomes fall between the Bureau of Labor Statistics low and moderate budget standards would be lower than those expected by the Commissioner of Education's benchmark cases. They expressed concern that possible disparities might inhibit approval of the Consensus Model for use in awarding aid under the three institutionally-based programs. In recognition of this, the Task Force approved the following recommendations at its final meeting:

> *The Task Force endorses the consensus model as formulated by the agreements between ACT and CSS but recommends that the responsible parties of those agencies continue to examine the appropriateness of parental contributions for families whose incomes fall between the Bureau of Labor Statistics low and moderate budget standards adjusted for changes in the Consumer Price Index.*
>
> *The Task Force urges that further discussions continue between ACT, CSS, HEW, and OE, under proper auspices, toward the goal of mutual adaptation of the consensus model to meet the needs of all parties.*

VERIFICATION OF REPORTED FINANCIAL CIRCUMSTANCES

In Chapter IV, the Task Force makes recommendations concerning changes in the calendar by which Federal, state, and institutional award decisions are made and announced. The primary purpose of these recommendations is to bring the award calendar into a logical sequence, while at the same time assuring that students have knowledge of the aid which will be available to them at a time appropriate for informed decision-making.

One of the agreements of the consensus model for determining parental ability to pay is that the primary analysis will be performed on data for the year prior to the academic year for which the applicant is applying. For initial processing, this will be 1975 calendar year income for students applying for aid for the 1976-77 academic year. Whether either service provides an additional analysis for the 1974 or 1976 income is optional.

Taken together, these recommendations concerning calendar change and base-year for determining eligibility to pay make it possible that some families will submit application information prior to the time that their actual income and expenses are known with certainty. For most families, it is not until their Federal income tax returns have been completed and filed that they have certain knowledge of their exact income and expenses for the prior calendar year. Normally, this is not until early February. The recommended calendar provides that processing of BEOG applications begin in mid-September. For that group of families who file between mid-September and early-February, income and expenses will of necessity be estimates. Proper stewardship of public and private funds requires some mechanism to verify information which was submitted as estimates subsequent to the time when definite information is available.

The Task Force considered many different proposals to solve the problems of verification and validation of financial aid data. There was a lack of agreement as to the point at which accurate or valid data was most critical. Some believed verification was most important at the point when initial awards were made. Others believed that it was important at the point before the student received his award. There was disagreement about where the primary responsibility for verification should be placed. Some believed the services are responsible for verification of the data. Others said the awarding agency and institution were primarily responsible for the verification. A third opinion was that both are equally responsible.

Consensus on some points was achieved, and the Task Force recommends that:

(1) *That awarding agencies and institutions be strongly urged to verify appropriate financial data for the current year by use of state or federal tax statements.*

(2) *That need analysis services and state agencies which serve as processors provide extensive edit checks and diagnostic statements to financial aid officers to help them identify those applications which may need careful attention and follow-up for verification of data.*

(3) *That all agencies and institutions support the verification process by exchanging information appropriate to the administration of student aid. Legislatures should be urged to oppose laws that will limit this exchange. Laws should be passed to permit public agencies not directly involved with financial aid administration (e.g., state and local tax bureaus) to provide agencies and institutions with verification information.*

(4) *That applications for financial assistance beyond a student's initial year of postsecondary education should be based on and filed after the base year tax forms are completed.*

(5) *That the current efforts of the services to develop procedures and systems of verification and validation be continued and expanded as appropriate means of addressing these issues.*

A DATA PROCESSING SIMULATION MODEL TO TEST VARIOUS MEASURES FOR DETERMINING PARENTAL ABILITY TO PAY

One of the continuing difficulties in establishing and maintaining a single standard for determining parental ability to pay revolves around the problem of testing various changes and modifications to the existing systems against a standardized data base and against the results of other systems produced against the same data base. In the absence of such comparative data, each system must operate independently of each other -- a factor which contributes to some significant portion of the differences which presently exist. Recognizing this need, the Task Force commissioned the development of a data processing simulation model.

The model is concerned with simulating the effects of different need analysis approaches on parental contribution toward college costs. Although it could conceivably be used to compare approaches in need analysis for independent students, the model is specifically designed to contain all of the major factors included in existing parental contribution systems. The initial programmed model will include the three major systems for determining parental contribution (ACT, CSS, and BEOG) as operational in their fall, 1974, versions. Since it is impossible to anticipate all of the possible need analysis approaches which a user might wish to test, the standard model provides a user entry for any additionally programmed need analysis system which might be desired.

The model consists of four sections:

1. A structured input section that will accept standard need analysis characteristics and items;
2. A user programmed need analysis system or systems;
3. An output section that provides comparisons with parental contribution and an analysis of the major factors that contribute to the differences in results;

4. A storage section that will retain the results of up to ten different need analysis runs and permit the user to designate any one of the ten as the base or test run for comparison purposes.

In recommending the development of the model, the Task Force was aware that its operation and maintenance would be beyond the scope and ability of the Task Force. Upon delivery, the data processing model will be made available to any interested agency, organization, or institution that wishes to use it. A charge sufficient to cover the cost of reproducing the materials will be requested of the recipients. When the Task Force expires, the model will be turned over to the National Institute for Financial Aid Administration or some other similar organization on the condition that they continue to make it available on request for no charge greater than that required to maintain and duplicate the materials.

STUDENT EXPENSE BUDGETS

The Task Force recognizes that the current lack of uniformity in the construction of student budgets seriously inhibits the equitable distribution of student aid. Just as the lack of uniformity in the measurement of family resources results in variability in the determination of need for economic subsidy and program eligibility, the lack of uniformity in the construction of student expense budgets results in non-standard or non-equivalent estimates of student need. It also results in unrealistic estimates of student need.

In order to determine a particular student's need, his/her ability to pay for postsecondary education has to be compared with the total costs of his/her education or "student budget." If student budgets do not reflect real differences in actual costs, then when real differences reflected in the measurement of ability to pay are compared with these inaccurate student budgets, unrealistically high or low estimates of the student's true financial need will result. This event causes an inequitable distribution of needs-based student aid awards.

> *A student expense budget may be defined as all expenses which are reasonably related to a specific student's attendance at a specific postsecondary institution for a specific period of time. The Task Force recognizes that many variances in student budgets reflect real differences in expenditure profiles of students at various institutions. Differences which are not based on the real expenditure patterns of students should be eliminated.*

Direct educational costs (tuition, fees, books and supplies) vary from institution to institution because of differences among postsecondary institutions' pricing policies. This is a legitimate source of variability and should be recognized in budget instruction procedures.

Budgets vary from institution to institution in part because of place-to-place differences in cost-of-living. The Bureau of Labor Statistics has recently published data showing that moderate level consumption budgets are 37 percent higher in Anchorage, Alaska than in Orlando, Florida. Thus, the price levels in the area in which the postsecondary institution is located may be expected to affect the consumption portion of the student expense budget.

Most postsecondary institutions construct separate budgets for different groups of students in an effort to recognize their different expenditure profiles. Typically, budgets are constructed for unmarried students living in dormitories, their counterparts living in off-campus quarters, commuter students who live with their parents, and married students with differing numbers of children. Some institutions also recognize that consumption budgets vary by age and construct budgets grouped by the student's age. Each of these is a "legitimate" cause for variability in student expense budgets if it reflects real differences in student educational expenditure profiles.

But student budgets also vary because of philosophical and methodological differences. For example, some student aid administrators prefer to use conservative standards for student budgets because they expect aid recipients to live at a standard of living which is lower than reasonable. Some aid administrators vary student budgets according to estimates of student resources. The budget is raised or lowered because of student self-help expectations.

Budgets vary because of methodological differences in budget estimating procedures. Some aid administrators rely solely on their judgment when constructing student expense budgets; others conduct surveys of student expenditures; and still others look to sources such as the Bureau of Labor Statistics for budget standards.

Budgets sometimes vary because they are based upon items which an aid program may or may not be able to support, e.g., recreational and personal expenses, child care or child support payments, etc. Budgets may also vary because aid administrators choose to present reduced budgets to students in order to disguise the fact that their available student aid would not meet the real financial needs of all students. These are not legitimate reasons for variances in budgets.

> *The Task Force believes that budgets should reflect real differences in student costs and not differences in a program's ability to pay for those costs or to meet the students' needs.*

Much of the variability in student budgets could and should be alleviated by constructing budgets which reflect only real differences in student educational expenditures. The student budget should be independent of student income patterns and the anticipated allocation of aid funds. Or, to put it another way, student budgets should reflect real expenditures and should not be used to artificially ration aid dollars among different types of students nor to disguise assumptions about self-help expectations which more appropriately should be matters of policy and a visible part of the calculation of ability to pay for education.

Furthermore, the student budget should be independent of the kinds or amounts of expenses that an aid program can legally (or philosophically) help defray. If there are limitations on the amounts and types of expenses (or needs) that a student aid program can meet, the student should be so informed. No one should attempt to disguise these matters of policy or procedure by altering the student budget.

The process of constructing a realistic student budget and the budget so constructed presents the best opportunity to provide students with information needed to permit informed choices about what they must pay and can choose to pay for their education and the costs of living as a student. If the student budget presented to the student has been altered by philosophical assumptions, legal fiats, or methodological misconceptions, the student cannot make realistic choices or plans because the information is not realistic.

The Task Force recommends that:

> *Student budgets be developed, constructed and presented to students in a manner which will reflect the types and amounts of expenditures that students within different budgetary types experience in maintaining a moderate but adequate standard of living.*

If enough aid were available to meet all the student aid needs of all students and administrative time and resources were plentiful, it could be argued that separate budgets for every student should be constructed which would include "any expenses reasonably necessary for the student to remain in school." However, there are not sufficient aid or administrative resources to meet or measure everyone's "expenses reasonably necessary to remain in school." Furthermore, since many different student aid programs are funded from public sources, each student aid program should determine what constitutes reasonable expenses guided by some common standards or guidelines.

Appendix C of this report provides some general guidelines for the items which should be included in student budgets, the definitions of those items, and models for construction of the appropriate amounts and types of student budgets.

Since one of the major reasons for developing more accurate budgets is the need for more equitable expenditure of public funds, the Federal and state governments should encourage and assist institutional aid administrators to do research on this topic. One of the best ways to do this would be for the governments to provide administrative allowances to institutions which enroll their aid recipients.

> *Therefore, the Task Force recommends that the Federal and state governments provide institutions with administrative allowances which are based upon the numbers of enrolled Federal and state aid recipients on that campus. In addition or until such time as administrative allowances are provided, Federal and state aid programs should include in their administrative budgets funds to provide related services which would help to minimize the institutional costs in responding to the governmental requests for general or specific student aid information.*

The allowance should be made to institutions expressly for the purpose of student aid administration. Good administration includes performing research to verify and modify existing practices.

A STUDENT BUDGET RESEARCH SERVICE

The Task Force recognizes that the barriers to research on student budgets are not all surmountable by increased administrative allowances. Even if money is available to pay for the cost of printing, administering, and processing questionnaires, many aid administrators may lack the staff time and research skills necessary to conduct the best possible studies.

> *Therefore, the Task Force recommends that the College Scholarship Service, the American College Testing Program, and the Graduate and Professional Financial Aid Council in cooperation with the National Association of Student Financial Aid Administrators and state scholarship agencies develop and provide consultative services to campuses for the purpose of establishing local student budgetary norms.*

The service should provide assistance in sampling, questionnaire design and administration, and data analysis and should be provided to institutions at the lowest possible cost. These three cooperating associations should periodically provide summary reports of their student budgetary activities to their various constituencies so that all interested parties can more closely monitor the shifts in student educational expenditure profiles. These summary reports can and should be made a regular part of the Program Summary Data Exchange network recommended by the Task Force in Chapter IV of this report.

CHAPTER III

The Student Common Data Form

One of the most significant problems in student aid is the number of applications and data collection documents which students and parents must complete in order to obtain aid from a variety of sources. Even a student who is applying for student aid at just one postsecondary institution may be required to complete up to seven different documents used to determine aid eligibility.

For example, the student and parents may complete the institutional financial aid application, the American College Testing Program's Family Financial Statement for the institution's need analysis purposes, the Basic Educational Opportunity Grant Program application, an application for a state scholarship or loan, the College Scholarship Service's Parents' Confidential Statement for the state agency's need analysis purposes, an application to a bank for a Federally Insured Student Loan, and, finally, an application for a teacher education scholarship or some other form of categorical aid! If the student applies to more than one institution, he/she may have to complete even more applications, as each institution may have its own and the combinations may vary from state to state.

In order to complete these applications, the student and parents have to assemble and accumulate financial information from their income tax forms, information about their past and anticipated income and expenditure patterns, and information about anticipated educational costs. Then the student and parents must decide how to respond to questions on each of the applications. Even though the question may be seeking the same or similar answers they are asked in different formats with phrases or concepts which have slightly different meanings or nuances. Because the applications require different filing dates and may be obtained at different times, the process of assembling data may take place five or more times.

Students and parents frequently become quite confused about what information is required of them and fail to correctly complete all the items on a particular application. Some students and parents simply fail to apply -- even though they need aid -- because of the effort involved.

The problems created for students and parents by multiple application forms and filing procedures have not gone unrecognized by student aid administrators, institutions, the U.S. Office of Education nor the need analysis services. To solve these problems two major issues had to be resolved: agreement on a common form and development of a sensible delivery system for student aid.

DEVELOPMENT OF A PROTOTYPE FORM

The problems associated with developing a single common data form and a unified delivery system are separate but interrelated. In order to develop a common form it is necessary to determine if the data elements needed by all aid programs and need analysis services are sufficiently similar to permit their collection on a single document. In order to develop a unified delivery system, it is necessary to determine how information collected by a common form or the document itself might flow from students and parents to and among aid programs and need analysis services. The significance and use of the data collected for decisions regarding program eligibility for financial assistance and assessment of ability-to-pay (or family financial strength) will affect both the common form and the delivery system.

To determine what student and parent data are necessary to a common form, four criteria were developed to evaluate data elements on the various forms presently in use:

1. Is the data element necessary to satisfy some state or Federal statutory requirement, such as state of legal residence;
2. Is the data element necessary for the determination of program eligibility, such as evidence of high school graduation or citizenship;
3. Is the data element necessary to determine family ability to pay as measured by the consensus model developed by the Task Force; or
4. Is the data element necessary simply because it is used for some other purpose with a frequency that justifies its inclusion?

These criteria permitted identification of a common core of data elements. The elements can be combined in a format enabling the determination of eligibility for most student aid presently available and the determination of ability to pay without seriously detracting from any existing system's current capacity to perform these functions.

The matter of delivery system is directly involved in the development of the common form. Since the basic assumption of the Task Force was to make initial recommendations which were consistent with the present constellation of programs and systems, it was necessary to develop a prototype form which could be implemented within the technological capabilities of existing service agencies. Because some systems use a keypunch mode for data input, others use a mark-sense mode, and yet others use manual processes, it was necessary to provide for the needs of all three methods. This required the development of two distinct sections of the form -- one suitable for keypunch and/or manual processing and the other suitable for mark-sense processing. The data required for the two sections are exactly the same. Only the format is different. Aside from the problems of delivery system which will be discussed in the next section of this chapter the draft prototype form and instructions included at the end of this chapter meet the criteria described above. It is recognized, however, that from time to time items will need to be added or deleted in order to refine the document.

In addition, the Task Force decided that the purpose of the form encompassed goals beyond "driving" need analysis systems and included a need for items which would make the form suitable as a state or institutional application as well. The Committee deliberately held to a minimum the number of such items in order to encourage states and institutions to seriously evaluate data now collected. It was believed that many items presently collected were done so for historical reasons or that the data could reasonably be derived from other sources.

SHORT-RANGE IMPLEMENTATION

The Student Common Data Form offered here is a prototype and has not yet been field-tested. It is believed, however, that its data elements and composition meet the four outlined criteria. The Task Force is planning to make the prototype documents available to a number of states for field-testing during 1975. It is anticipated that these field-tests will demonstrate the value and validity of the prototype and will lead to modifications.

If the Student Common Data Form receives wide-spread acceptance, student aid programs and need analysis systems might take two types of actions which would help students and parents. The data elements might be incorporated into their existing applications and data collection documents, or the Form itself might be adopted and implemented.

Either of these actions would help students and parents because aid applications would contain identical questions so students and parents would be asked for a common set of data. Once the students and parents had assembled the appropriate information and completed one form, they could use the same data to complete additional forms.

In order to move toward the goal of one application per student and family each year, a unified delivery system of forms and aid would have to be designed. The Task Force considered several methods of achieving this goal.

As the Task Force explored alternative proposals for delivery systems which utilize a Student Common Data Form, several questions recurred:

1. Can any form -- and in particular, the Student Common Data Form -- be used by existing need analysis systems that employ different methods for entering data into record files, e.g., keypunch or mark-sense methods?

2. What methods of processing forms are most feasible and desirable to institutional, state, and Federal aid programs?

3. What are the costs of implementing a Student Common Data Form in various systems? What costs will accrue to students and programs using the Student Common Data Form?

4. How is confidentiality of information insured in a system utilizing a Student Common Data Form?

5. What conditions or characteristics of a system will produce the most support for and use of a Student Common Data Form?

The Task Force decided that there were no fundamental obstacles to creating a form which could be conveniently adapted to either keypunch or mark-sense entry into record files. The present technology very adequately permits the development of a Student Common Data Form which can be processed by either method. The Committee's prime concern was to insure that programs and services could utilize the Student Common Data Form in their current processing systems.

As alternative delivery systems were developed and considered, it became necessary to develop criteria for evaluating them. The criteria were as follows:

1. How close does the proposed delivery system come to achieving the Task Force's goal of one document filed once per year for all financial aid programs?

2. Does the proposed delivery system enhance or inhibit the timely notification of decisions to students?

3. Can the proposed delivery system provide timely information necessary to decisions by a wide variety of programs which utilize widely differing criteria for eligibility?

4. Is the implementation of the proposed delivery system likely to reduce costs to programs and students in relation to its output and effectiveness?

5. Can the proposed delivery system provide programs with an original, copy, or transcript of the Student Common Data Form if it is so desired?

6. Can the proposed delivery system be feasibly implemented in the near future with minimal disruptions to existing programs? Or, how will the proposed delivery system affect existing programs and systems?

The different options for delivery systems considered are summarized below. Additional detailed information about the systems and their positive and negative aspects is included in Appendix F.

Option I

This option merely assumes that the existing need analysis services and student aid programs will adopt the common items and definitions to their data collection documents and applications. With the adoption of common items and common definitions within existing but diverse formats, a first level short-range movement toward the goal of a single Student Common Data Form is taken. There are minimal changes required to implement this system. Programs only have to agree to use common definitions and items, they do not have to adopt the consensus model or otherwise coordinate their activities. The costs of this option are primarily related to redesign and printing of application forms and some redesign of data processing modes where new definitions don't correspond with current ones.

The managements of the American College Testing Program, College Scholarship Service, and the Graduate and Professional Financial Aid Council have agreed to adopt the common need analysis items and definitions for their forms to be produced for use during the 1975-76 processing year (for students applying for aid for the 1976-77 academic year beginning in September, 1976). This represents progress toward the goal of the Task Force, but does not completely alleviate the necessity for many students to file more than one form. Its acceptance is likely to guarantee the continued existence of many forms. The Task Force does not recommend this as a long-term solution to the problem.

Option II

This option assumes that institutional, state, and Federal aid programs will adopt the Student Common Data Form and the consensus model for determination of family financial strength. With the adoption of the Student Common Data Form the student and parents will have to accumulate information for filing an application just once, even though the student may have to file several copies of the Form with different agencies at different points in time. This process might be aided by a multiple copy form including both a keypunch and mark-sense format. This would require consolidated approaches to the printing and distribution of the Form.

While Option II depends upon agreement among services and programs to utilize a single form, it does not require agreement on uniform timing or coordination, nor does it require that service agencies and programs determine program eligibility in any fashion or with any criteria other than those currently employed.

Because copies of the Student Common Data Form can be mass produced, there is likely to be some program cost savings in Option II over Option I where items are simply incorporated into existing documents. Savings to the student, however, are not significant because he/she still has to file several documents.

It appears to the Task Force that this option could be implemented without substantial problems by existing program services. However, final decisions on this option will require exploration of all of the technical considerations and cost implications. Representatives of the major service agencies are reviewing these issues. If it appears feasible, this option would be a medium-range vehicle for accomplishing the Task Force's goal during the 1976-77 processing year.

Option III

This option incorporates one additional but very significant feature into Option II. Under Option III the single-agency processing policy of the BEOG Program would be discarded and the Program would permit several agencies to generate Family Contribution Indices on the basis of data they receive from students on the Student Common Data Form according to standards and procedures prescribed by the Office of Education.

In Option III, an output document for the Basic Grant could be incorporated into the processing results of all programs and services that had contracts with the Federal Government. This would reduce the number of points to which students would have to mail applications because they would learn of their eligibility for a Basic Grant from another financial aid program.

The introduction of a multiple agency processing policy for the Basic Grant poses some problems for the Program including the procedures for form clearances. Even if a Student Common Data Form was acceptable to the Program and other agencies, clearance would be an annual process. Further, under current Federal contract-letting procedures, it would be difficult to identify which services and programs would be able to participate and how the costs related to just BEOG processing would be separated from other needs analysis processing costs. For these reasons, the Committee does not recommend Option III for immediate implementation.

Option IV

In Option IV the Student Common Data Form would be accepted and implemented by services and aid programs and the consensus model for analyzing family financial strength utilized by all programs. Option IV adds to the previous options a system whereby services and programs serve as transmitters of copies of the Student Common Data Form itself to other programs. Specific agencies or services for a state, region, or nation could be identified to receive Student Common Data Form applications from students. The need analysis services would process the Student Common Data Form and provide student record files to programs much in the same fashion that the College Scholarship Service, the American College Testing Program, and the Graduate and Professional Financial Aid Council now function.

If a student aid program, such as a state scholarship and loan agency was designated to receive the original Student Common Data Form, it would process the data for its own purposes and forward a copy of the Form to other agencies and programs designated by the student.

Option IV would permit the student to complete a multiple copy Form just once and mail it to a single agency which would be responsible for sending copies to all other programs. The original recipient would not necessarily process or otherwise edit data for another processor.

The implementation of Option IV requires agreement on a single version of the Student Common Data Form and a high level of coordination and communication among programs in order to reduce the amount of time between receipt of the Form and distribution of copies to designated agencies.

The costs of such a system for the original recipient agency would increase if it were a student aid program rather than a service which already performs a distribution function. A scholarship program would have to develop provisions for duplicating and distributing copies of the Form to other agencies. These costs are likely to be passed on to students in the form of an application fee. Since copies of the Student Common Data Form would be received by institutions and other programs just as originals are now, it would be difficult for them to assess an application fee to help defray their processing costs. A fee structure and fee collection system would have to be implemented in order to provide secondary recipients with the income necessary to defray processing costs.

Because of the complexities of coordination between and among programs under this option, it would be difficult to implement Option IV within a brief period of time. For this reason, it is recommended here only for long-term consideration.

Option V

In Option V a single agency would be designated or created for the purpose of receiving the Student Common Data Form and all other supportive documents (such as income verification documents) and for central processing of all information for all programs designated by the student.

This option would meet the Task Force's goal of having a single application filed just once a year for all aid programs.

The single agency would utilize the consensus model for determining family financial strength and would be responsible for frequently complex initial editing, correction and verification of data on the Form. Technology is important here as reports to other agencies and programs would have to be provided in a format compatible with their current record files.

Option V would be costly under the current diverse application schedules of various programs because the single agency would have to be able to transmit data to each program on perhaps many different schedules or, in the case of late student applications, in a very rapid fashion.

In order to ideally implement this delivery system all programs would have to accept the consensus model of determining family financial strength. Furthermore, all programs would have to agree that data included on the Student Common Data Form were sufficient to determine program eligibility.

There is nothing inherent in this "single-agency" approach which would prohibit programs or institutions from going to students for additional information. This practice, however, would contradict the intent of the Option and the Task Force's goals. The cost of Option V is likely to be less than the total costs for the many systems now operating, because just one agency would be performing the receiving, editing, verification, and data transmission functions that are now performed by many services and programs.

This option fully meets the Task Force's goals but its immediate implementation is unlikely because it would involve major infringements upon the integrity of current student aid programs and need analysis services. Put another way, one agency or set of agencies would take over the functions of many agencies, consequently changing the role of all of them. Student aid programs would have to orient their activities to counseling students, making decisions on the basis of common information, and processing awards instead of conducting major need analysis activities such as editing and verifying data. Need analysis services which were not part of the single-agency or single-agency network would also have to adopt new functions and roles in the student aid systems. Serious questions of privacy and confidentiality would have to be resolved before the Task Force could recommend this option.

CONCLUSIONS AND RECOMMENDATIONS

It is important to reiterate that the Student Common Data Form has not been field-tested nor has time permitted a complete examination of all the different implications of the delivery options offered above.

The prototype form developed by the Task Force should be implemented as soon as possible after field-testing so that movement will be made toward the goal of one form, one application, one time for all programs.

The prototype Student Common Data Form which has been developed and is presented here is intended to provide agencies and institutions with the fundamental data needed to determine eligibility and ability to pay in addition to the capacity to retrieve other information considered valuable for program management purposes. There are some as yet unresolved issues involved in implementation of the Form or any of the delivery systems presented:

1. The prototype has not been field-tested and reliance on the document as anything but a prototype may be premature.

2. There are still technological issues which must be resolved before the Form can be used.

Following discussion held prior to the last Task Force meeting, features of delivery system options II, III, and IV were incorporated into the following recommendations:

> *The Task Force recommends that for the 1975-76 processing year delivery system option I, calling for the adoption of the common items and definitions of the Common Form in existing data collection documents and applications, be implemented by the Federal, state, and private student aid programs; by the postsecondary institutions; and by the national need analysis services.*
>
> *The Task Force recommends that the Common Form itself, following field trials and modifications as appropriate, be adopted for the 1976-77 processing year by the Federal, state, and private student aid programs; by the postsecondary institutions; and by the national need analysis services as a single document for collecting the data necessary for the measurement of family ability to pay.*
>
> *The Task Force recommends that as soon as feasible a delivery system be implemented whereby (a) BEOG would continue to have a separate application processing function, (b) students who so requested could have a copy of data submitted to ACT, CSS, or some other agency (or data derived by them) transmitted to BEOG for processing in lieu of a separate application, and (c) students not submitting data for the determination of ability to pay to another processing agency would continue to submit applications directly to BEOG.*

These matters will continue to be explored by the concerned parties during 1975-76.

PRIVACY AND CONFIDENTIALITY

One of the primary causes of the lack of efficiency and economy in the present system for delivery of aid to students in postsecondary education is the multiplicity of forms which the student and parents must obtain, complete, and submit in order to demonstrate their eligibility for various forms of aid. The task Force, through its Working Committee on Common Form, has developed a prototype Student Common Data Form which could be utilized by most state, federal, and institutional aid programs. This form contains some items not needed by some programs, but the totality of the form will provide for considerable improvements in the delivery of the totality of aid.

Central to the success of the Common Form is its use by the Basic Educational Opportunity Grant Program. The BEOG application is for nearly all students an addition to those required by state and institutional aid programs. If the Basic Grant Program can and will use the Common Form there will be a substantial reduction in the level of difficulty of obtaining aid for a significant number of students. The program staff of the Basic Grant Program have expressed concern that their ability to use the Common Form may be restricted because of the Privacy Act of 1974 (P.L. 93-579).

The Privacy Act states in Section 552a (e) that "Each agency that maintains a system of records shall (i) maintain in its records only such information about an individual that is relevant and necessary to accomplish a purpose of the agency required to be accomplished by statute or by executive order of the President."

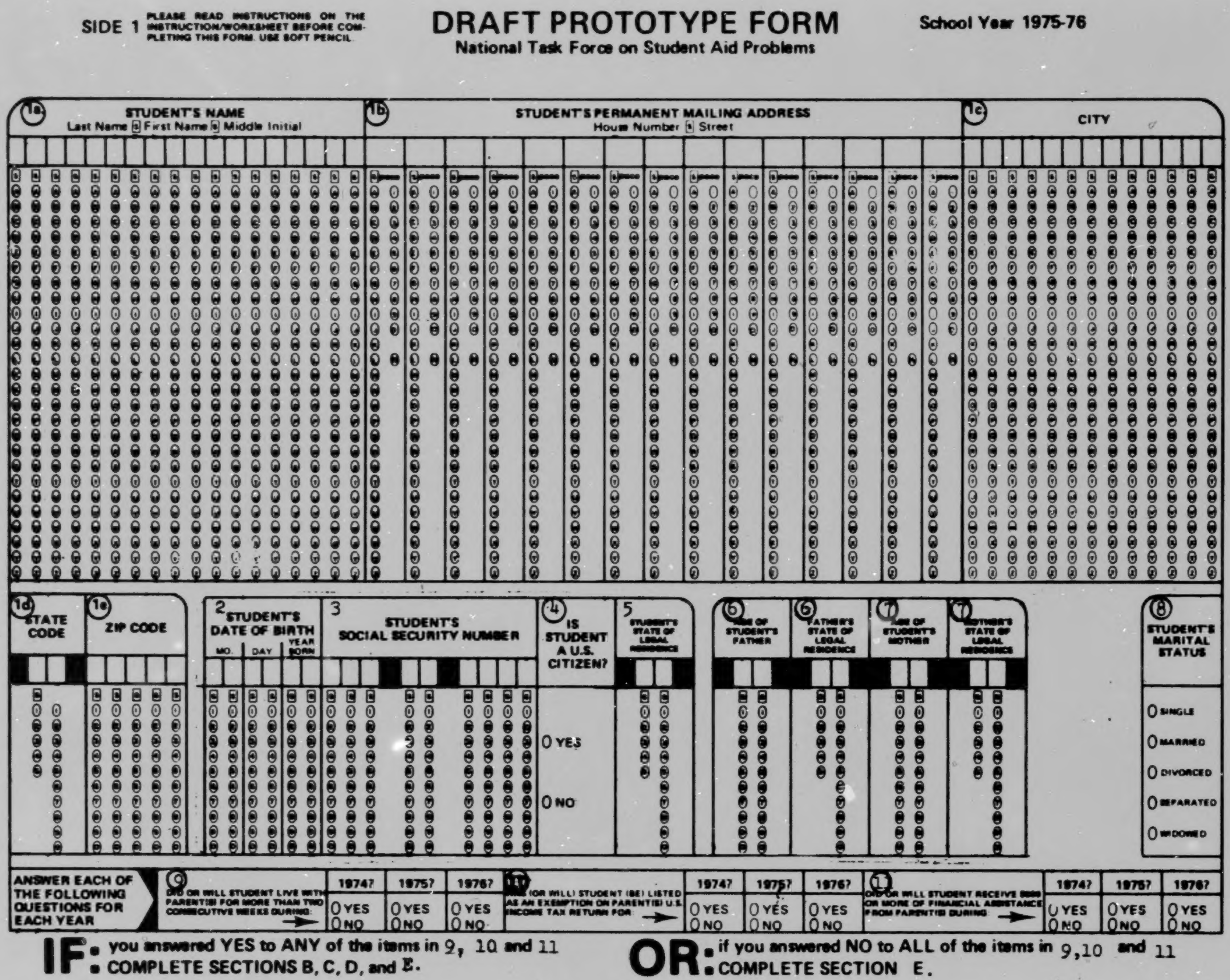
Obviously, there are a number of items on the Student Common Data Form that are not relevant to or absolutely necessary to the operation and administration of the Basic Educational Opportunity Grant Program by the Office of Education. Thus, if the provision of the Privacy Act cited above is read literally, the Office of Education would be prohibited from using the Student Common Data Form for the Basic Grant Program. It would appear that the Counsel of the Department of Health, Education, and Welfare, in interpreting draft regulations from the Office of Management and Budget, leans in the direction of this literal interpretation.

The Task Force would argue, however, that the Basic Grant Program is simply a small part of an Act of Congress -- that the Education Ammendments of 1972 (P.L. 92-318) establishes a comprehensive program of student aid of which the Basic Grant Program is only one. Subpart I of Part A of the Act establishes the Basic Grants; Subpart 2 authorizes the Supplemental Grants; Subpart 3 authorizes State Student Incentive Grants; Subpart 4 authorizes Special Programs for the Disadvantaged. Work-Study and Guaranteed Loans are integral parts of the same section, and immediately following this section comes the National Direct Student Loans (labeled Part E).

It is the position of the Task Force that all of the data required on the Common Form are relevant and necessary to the accomplishment of the statutory purposes of the comprehensive program of student aid established by P.L. 92-318, and that the collection and maintenance of the information on the Common Form is not in violation of the Privacy Act. This position is supported by the language of the Conference Report on the Education Amendments of 1972 which states, "This (BEOG) is viewed as the foundation upon which all other Federal student assistance programs are based." It does not appear to the Task Force that it can be argued that BEOG is so separate from the programs for which it serves as the foundation that it is precluded from collecting and maintaining the information which is necessary for the administration of these other programs.

If the above position is accepted, there seems to be no problem in transmitting information back and forth between and among the concerned parties. The Privacy Act reads (in Paragraph 552a (7) (b)), "No agency shall disclose any record . . . unless disclosure of the record would be . . . (3) for a routine use as defined in subsection (a)(7)." Routine use, in turn, "means, with respect to disclosure of a record, the use of such record for a purpose which is compatible with the purposes for which it was collected. Surely, the transmission of student records to State student aid agencies and institutions which can award aid to a student can only be regarded as a use which is compatible with the purposes for which the data were collected.

> *The Task Force urges the counsels of the Department of Health, Education, and Welfare and the Office of Education to consider the implications of what appears to be their present interpretation of the language of the Privacy Act cited here would have on the orderly and economical delivery of student aid. The Task Force believes that the positions it has stated here are consistent with the purposes of both the Privacy Act and the Education Amendment of 1972. The Task Force believes that this position is of sufficient importance that if it can not be accepted by the counsels that the Congress should be asked to amend the Privacy Act to permit use of the Student Common Data Form by the Basic Grant Program.*



SIDE 1 PLEASE READ INSTRUCTIONS ON THE INSTRUCTION/WORKSHEET BEFORE COMPLETING THIS FORM. USE SOFT PENCIL.

DRAFT PROTOTYPE FORM

National Task Force on Student Aid Problems

School Year 1975-76

1a STUDENT'S NAME
Last Name ☐ First Name ☐ Middle Initial

1b STUDENT'S PERMANENT MAILING ADDRESS
House Number ☐ Street

1c CITY

1d STATE CODE

1e ZIP CODE

2 STUDENT'S DATE OF BIRTH
MO. DAY YEAR BORN

3 STUDENT'S SOCIAL SECURITY NUMBER

4 IS STUDENT A U.S. CITIZEN?
○ YES
○ NO

5 STUDENT'S STATE OF LEGAL RESIDENCE

6 AGE OF STUDENT'S FATHER

6 FATHER'S STATE OF LEGAL RESIDENCE

7 AGE OF STUDENT'S MOTHER

7 MOTHER'S STATE OF LEGAL RESIDENCE

8 STUDENT'S MARITAL STATUS
○ SINGLE
○ MARRIED
○ DIVORCED
○ SEPARATED
○ WIDOWED

ANSWER EACH OF THE FOLLOWING QUESTIONS FOR EACH YEAR

	1974?	1975?	1976?
9 DID OR WILL STUDENT LIVE WITH PARENT(S) FOR MORE THAN TWO CONSECUTIVE WEEKS DURING: →	○ YES ○ NO	○ YES ○ NO	○ YES ○ NO
10 WAS (OR WILL) STUDENT (BE) LISTED AS AN EXEMPTION ON PARENT(S) U.S. INCOME TAX RETURN FOR: →	○ YES ○ NO	○ YES ○ NO	○ YES ○ NO
11 DID OR WILL STUDENT RECEIVE $600 OR MORE OF FINANCIAL ASSISTANCE FROM PARENT(S) DURING: →	○ YES ○ NO	○ YES ○ NO	○ YES ○ NO

IF: you answered YES to ANY of the items in 9, 10 and 11
COMPLETE SECTIONS B, C, D, and E.

OR: if you answered NO to ALL of the items in 9,10 and 11
COMPLETE SECTION E.

PARENTAL INCOME INFORMATION

B.

1a. 1973 FATHER'S WAGES, SALARIES, TIPS, & OTHER COMPENSATION

1a. 1974 FATHER'S WAGES, SALARIES, TIPS, & OTHER COMPENSATION

1b. 1973 MOTHER'S WAGES, SALARIES, TIPS, & OTHER COMPENSATION

1b. 1974 MOTHER'S WAGES, SALARIES, TIPS, & OTHER COMPENSATION

8. 1973 ADJUSTED GROSS INCOME

8. 1974 ADJUSTED GROSS INCOME

9. 1973 NONTAXABLE INCOME

9. 1974 NONTAXABLE INCOME

10. 1975 ESTIMATED TOTAL INCOME FOR 1975

PARENTAL TAX INFORMATION

C.

1. 1973 MEDICAL AND DENTAL EXPENSES

1. 1974 MEDICAL AND DENTAL EXPENSES

2. 1973 CASUALTY OR THEFT LOSS(ES)

2. 1974 CASUALTY OR THEFT LOSS(ES)

3. 1973 TOTAL ITEMIZED DEDUCTIONS

3. 1974 TOTAL ITEMIZED DEDUCTIONS

4. 1973 TOTAL U.S. INCOME TAX PAID

4. 1974 TOTAL U.S. INCOME TAX PAID

5. TOTAL NUMBER OF EXEMPTIONS CLAIMED ON PARENTS' 1974 INCOME TAX RETURN

6. TOTAL SIZE OF PARENTS' HOUSEHOLD INCLUDING STUDENT NAMED ON THIS FORM

7. NUMBER OF MEMBERS OF PARENTS' HOUSEHOLD TO BE IN POST-HIGH SCHOOL EDUCATIONAL INSTITUTIONS IN 1975-76

OTHER PARENTAL INFORM.

1. MARITAL STATUS OF STUDENT'S PARENTS

○ MARRIED
○ DIVORCED
○ SEPARATED
○ MOTHER LIVING, FATHER DECEASED
○ FATHER LIVING, MOTHER DECEASED
○ BOTH PARENTS DECEASED
○ OTHER

OTHER PARENTAL INFORMATION

D.

2. PRESENT MARKET VALUE OF PARENTS' HOME

2. UNPAID MORTGAGE OR DEBTS ON PARENTS' HOME

3. PRESENT MARKET VALUE OF PARENTS' INVESTMENTS AND REAL ESTATE

3. UNPAID MORTGAGE DEBTS ON PARENTS' INVESTMENTS AND REAL ESTATE

4. PERCENT OF OWNERSHIP

4. PRESENT MARKET VALUE OF PARENTS' BUSINESS

4. UNPAID MORTGAGE OR DEBTS ON PARENTS' BUSINESS

5. PERCENT OF OWNERSHIP

5. PRESENT MARKET VALUE OF PARENTS' FARM

5. UNPAID MORTGAGE OR DEBTS ON PARENTS' FARM

SIDE 2

SIDE 3

OTHER PARENTAL INFORMATION (cont'd)

⑥ CASH, SAVINGS ACCOUNTS, CHECKING ACCOUNTS	7 OTHER DEBTS	8 TOTAL AMOUNT [illegible] ELEMENTARY OR SECONDARY SCHOOL TUITION FOR DEPENDENT CHILDREN [illegible]
☐☐☐☐☐☐	☐☐☐☐☐☐	☐☐☐☐☐
$ 0 1 2 3 4 5 6 7 8 9	$ 0 1 2 3 4 5 6 7 8 9	$ 0 1 2 3 4 5 6 7 8 9

E. STUDENT'S INFORMATION

① 1974 ADJUSTED GROSS INCOME	②a 1974 STUDENT'S PORTION	②b 1974 SPOUSE'S PORTION	③ 1974 OTHER INCOME	④ 1974 TOTAL U.S. INCOME TAX PAID	⑤ 1974 MEDICAL AND DENTAL EXPENSES	⑥ 1974 CASUALTY OR THEFT LOSSES
☐☐☐☐☐	☐☐☐☐☐	☐☐☐☐☐	☐☐☐☐☐	☐☐☐☐	☐☐☐☐☐	☐☐☐☐☐
$ 0 1 2 3 4 5 6 7 8 9	$ 0 1 2 3 4 5 6 7 8 9	$ 0 1 2 3 4 5 6 7 8 9	$ 0 1 2 3 4 5 6 7 8 9	$ 0 1 2 3 4 5 6 7 8 9	$ 0 1 2 3 4 5 6 7 8 9	$ 0 1 2 3 4 5 6 7 8 9

⑦ PRESENT MARKET VALUE OF STUDENT'S HOME	⑦ UNPAID MORTGAGE OR DEBTS ON STUDENT'S HOME	⑧ PRESENT MARKET VALUE OF STUDENT'S INVESTMENTS AND REAL ESTATE	⑧ UNPAID MORTGAGE OR DEBTS ON STUDENT'S INVESTMENTS AND REAL ESTATE	⑨ PERCENT OF OWNERSHIP	⑨ PRESENT MARKET VALUE OF STUDENT'S BUSINESS	⑨ UNPAID MORTGAGE OR DEBTS ON STUDENT'S BUSINESS	⑩ PERCENT OF OWNERSHIP	⑩ PRESENT MARKET VALUE OF STUDENT'S FARM	⑩ UNPAID MORTGAGE OR DEBTS ON STUDENT'S FARM
☐☐☐☐☐☐	☐☐☐☐☐☐	☐☐☐☐☐☐	☐☐☐☐☐☐	☐☐☐	☐☐☐☐☐☐	☐☐☐☐☐☐	☐☐☐	☐☐☐☐☐☐	☐☐☐☐☐☐
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⑪ CASH, SAVINGS ACCOUNTS, CHECKING ACCOUNTS	⑫ VETERANS GI BILL EDUCATIONAL BENEFITS FOR 1975-76	⑬ TOTAL NUMBER OF EXEMPTIONS CLAIMED ON STUDENT'S 1974 INCOME TAX RETURN	⑭ NUMBER OF MEMBERS OF STUDENT'S HOUSEHOLD TO BE IN POST HIGH SCHOOL EDUCATIONAL INSTITUTIONS IN 1975
☐☐☐☐☐☐	☐☐☐☐☐	☐☐	☐☐
$ 0 1 2 3 4 5 6 7 8 9	$ 0 1 2 3 4 5 6 7 8 9	$ 0 1 2 3 4 5 6 7 8 9	$ 0 1 2 3 4 5 6 7 8 9

CERTIFICATION AND AUTHORIZATION

I (We) certify that to the best of my (our) knowledge the information contained in this statement is correct and complete. I (We) authorize the agency to which this form has been sent to transmit the information to colleges, schools, Federal, state or other agencies indicated herein. If requested, I (we) agree to release copies of my (our) United States or state income tax or other related official documents to the agency receiving this form or the colleges, schools, Federal, state or other agencies indicated herein. I (We) further certify that no false statement or misrepresentation is contained herein, knowing that such false statement or misrepresentation shall make me (us) subject to a fine, or to imprisonment, or to both under provisions of the United States Criminal Code, as this form may apply to my (our) eligibility for federal financial assistance.

Signature(s) of student and spouse ____________________ Date

____________________ Date

Signatures of both parents (or guardian) ____________________ Date

____________________ Date

E ADDITIONAL STUDENT INFORMATION

1 OTHER DEBTS

2 FINANCIAL ASSISTANCE FROM STUDENT'S PARENTS FOR 1975-76

3 FINANCIAL ASSISTANCE FROM SPOUSE'S PARENTS FOR 1975-76

4 TOTAL AMOUNT UNREIMBURSED ELEMENTARY OR SECONDARY SCHOOL TUITION FOR DEPENDENT CHILDREN IN 1975-76

5 TOTAL SIZE OF STUDENT'S HOUSEHOLD (INCLUDING STUDENT NAMED ON THIS FORM)

6a STUDENT'S OCCUPATION (See Code Listing)

6b SPOUSE'S OCCUPATION (See Code Listing)

7a OCCUPATION OF STUDENT'S FATHER (See Code Listing)

7b OCCUPATION OF STUDENT'S MOTHER (See Code Listing)

8 STUDENT'S SEX

○ MALE
○ FEMALE

9 WHEN AT HOME STUDENT NORMALLY LIVES WITH:

○ FATHER AND MOTHER
○ MOTHER ONLY
○ FATHER ONLY
○ MOTHER AND STEPFATHER
○ FATHER AND STEPMOTHER
○ GUARDIAN ONLY

10 STUDENT'S YEAR IN COLLEGE OR POST HIGH SCHOOL EDUCATIONAL INSTITUTION IN 1975-76

Check only one

○ 1st YEAR (freshman)
○ 2nd YEAR (sophomore)
○ 3rd YEAR (junior)
○ 4th or 5th YEAR (undergraduate)
○ GRADUATE/ PROFESSIONAL

11 Names of other post-high-school institutions attended by the student:

12 WHEN DOES STUDENT WANT FINANCIAL ASSISTANCE?

Check only one

○ SUMMER TERM 1975 ONLY
○ SUMMER TERM 1975 THROUGH MAY 1976
○ SEPT. 1975 THROUGH MAY 1976
○ SEPT 1975 THROUGH AUGUST 1976
○ FALL TERM 1975 ONLY
○ WINTER TERM 1975-76
○ SPRING TERM 1976 ONLY
○ SUMMER TERM 1976 ONLY
○ OTHER

Enter the Code Numbers for the Institutions to receive this Form. (See College Code Listing.)

First Choice	Second Choice	Third Choice	Fourth Choice

Use this space to explain any unusual circumstances:

I

GENERAL INFORMATION AND INSTRUCTIONS FOR COMPLETING THE FORM - READ CAREFULLY

This form has been designed so that the information requested can be used by a variety of services, programs and institutions to evaluate your need for financial aid for the 1975-76 academic year. While not all items requested are needed to determine your eligibility for aid, each item is important for the proper processing of the form. We have tried to make the job of filing easier by asking you to gather the information just once for a wide range of programs. Since academic institutions and State programs use different services to evaluate need, you must take care to send the completed form to the proper service agency which processes them for the institution(s) you plan to attend. Since you may be applying to two or more institutions and programs using different services, you may have to mail more than one copy of the form. A coded list of institutions and programs has been included so that you can identify the appropriate codes for the institutions or programs which should receive reports and analyses based on your application. Use it to identify the appropriate service agency which will process this form. If you are applying for the BEOG Program only, complete the form through the bottom of the left-hand side of page 2, and be certain to enter "BEOG" in the last item on that side of the page. Tear off the completed sections at the perforation and mail to the BEOG processor identified in the codes. There is no charge for processing your BEOG application. If you are applying for additional aid programs, the agency which receives your information can send the necessary data to the BEOG processor so long as you identify "BEOG" as one of the programs to receive reports on this form.

As you complete the form be certain that you have read the instructions carefully and fully understand what information is being requested. In some instances, your answer to one question will determine how you must answer others. Be certain that you:

1) Print all entries, preferably in dark ink, except in the "mark sense" section, where you must use an ordinary #2 pencil;
2) Enter information only in the spaces provided;
3) Enter dollar amounts rounded to the nearest dollar...do not enter cents;
4) Fill in all spaces where dollar amounts are requested. If there is no amount to be entered, enter zeros;
5) Estimate dollar amounts if actual amounts are not available;
6) Provide all information requested of you, your spouse and your parents;
7) Sign and date the form. Please be sure to enclose a check or money order, payable to the appropriate service listed in the codes, if such a fee is in order. THERE IS NO CHARGE FOR YOUR BEOG PROGRAM APPLICATION PROCESSING;
8) Check to make certain that you have properly identified the service or services, program(s) or institution(s) to receive this form and reports.

If the institution or program to which you are applying is identified in the code listing as using the services of one of the need analysis service agencies, you must submit a copy of the form to the appropriate agency (please note whether the mark-sense section must be filed with the agency) and send a fee along with the form for the number of institutions and programs which will receive reports from the agency.

COMPLETING THE FORM

ALL STUDENTS MUST COMPLETE SECTIONS "A" AND "E"...YOUR ANSWERS TO THE LAST THREE QUESTIONS IN SECTION "A" DETERMINE HOW YOU ARE TO COMPLETE OTHER SECTIONS OF THE FORM. IF YOU ARE PLANNING TO ATTEND INSTITUTIONS CODED AS ___ OR PROGRAMS CODED AS ____, ARE REQUIRED TO SUBMIT YOUR FORM TO SERVICE " " OR ARE AN APPLICANT FOR ONE OF THE HEALTH PROFESSIONS STUDENT AID PROGRAMS, YOU ARE REQUIRED TO PROVIDE INFORMATION IN ALL SECTIONS OF THE FORM AND SUBMIT THE FORM AS INSTRUCTED.

SECTION A

Fill in all items as requested.

II

1b/6 Your permanent mailing address will be used to communicate with you and your family. Use the Postal Service standard abbreviation when identifying your State. Use also when you identify your State of legal residence. If you are dependent upon one or both parents or guardians, and you do not claim separate legal residence, your State of legal residence is the same as that of the parent(s) or guardian(s) with whom you last lived. (The Postal Service codes are in the code list.)

With respect to questions 9, 10 & 11, the following information is requested:

9 - Did you live with your parent(s), or do you plan to do so, during 1974, 75, 76? Check as appropriate. You must check YES if you lived at home for any period of more than two consecutive weeks during that year;

10 - Were you or will you be listed as an exemption on your parents' U.S. Income Tax Return for 1974, 75, 76? Check as appropriate;

11 - Did you or do you expect to receive more than $600 in financial assistance from your parent(s) in 1974, 75, 76? Check as appropriate. Included under financial assistance are such items as room and board for periods you lived at home, clothes, medical and dental care, cash gifts and the cost of education. Estimate the value of these to determine your answers.

IF YOU ANSWERED "YES" TO ANY OF THE ITEMS IN QUESTIONS 9, 10 OR 11, YOU MUST COMPLETE SECTIONS B, C & D; IF YOU ANSWERED "NO" TO ALL OF THE ITEMS IN QUESTIONS 9, 10 AND 11, YOU MUST COMPLETE ONLY SECTION E.

SECTION B

Your parent(s) must provide all of the information requested. In providing income information, they must use the actual figures used on their U.S. Income Tax Return or the actual figures which will be used when the U.S. Income Tax Return is filed. If your parents are separated or divorced, only information which applies to the parent who provides the largest amount of your support should be submitted.

For 1973 and 1974...

1a - Enter the amount of "wages, salaries, tips and other employee compensation" for
1b working parent from the appropriate line of the U.S. Income Tax Return. If the 1974 return is not yet filed, use the actual figures which will be filed.

2 - Total these. If both parents work, but do not file joint returns, total the amounts from their separate returns (1040, line 9; 1040A, line 9).

3,4 - Enter total dividends and interest from the tax return (1040, lines 10c & 11; 1040A, lines 10c & 11).

5 - Enter taxable income other than amounts from 1040 or 1040A, lines 9. This includes pensions, alimony received, business or farm profit, rental or property income, appreciation or capital gains, annuities, endowments and estate or trust income (1040, line 12).

6 - Total items above.

7 - Enter total of "adjustments to income" from U.S. Income Tax Return (1040, line 14).

8 - Subtract line 7 from line 6 (1040, line 15).

9 - Enter total of non-taxable income. This includes all social security benefits, VA benefits except those received as educational benefits by the student filing this form, welfare benefits, child support, gifts, inheritances, bequests, military subsistence and quarters allowances, allotments, aid from friends or relatives and other untaxed income.

10 - Total lines 8 & 9.
- Provide an estimated total for 1975.

SECTION C

For 1973 and 1974...

1 - Enter parents' medical and dental expenses as itemized on their U.S. Income Tax Return (lines 2+6, 1040 schedule A) or, if they either took standard deductions or did not file a return, enter the actual amount of their medical expenses not covered

National Task Force on Student Aid Problems
School Year 1975-76

DRAFT PROTOTYPE FORM

Read instructions carefully before completing this form.

2

A STUDENT'S INFORMATION

(1a) STUDENT'S NAME: LAST NAME ▲ FIRST NAME ▲ MIDDLE INITIAL

② Student's Date of Birth — Use numbers only. MONTH DAY YEAR

(1b) STUDENT'S PERMANENT MAILING ADDRESS: NUMBER, STREET, AND APARTMENT NUMBER; CITY; STATE ABBREVIATION; ZIP CODE

③ Student's Social Security Number ☐☐☐ - ☐☐ - ☐☐☐☐

④ Is student a U.S. citizen? YES ☐ NO ☐
If no, what is student's visa status?

5 Student's State of Legal Residence

⑥ STUDENT'S FATHER OR MALE GUARDIAN – NAME AND INFORMATION
LAST NAME; FIRST NAME; MIDDLE INITIAL; AGE; Use Postal Service abbreviation. State of Legal Residence; ZIP CODE

⑦ STUDENT'S MOTHER OR FEMALE GUARDIAN – NAME AND INFORMATION
LAST NAME; FIRST NAME; MIDDLE INITIAL; AGE; Use Postal Service abbreviation. State of Legal Residence; ZIP CODE

⑧ STUDENT'S MARITAL STATUS
Check one only
1 ☐ Married
2 ☐ Single
3 ☐ Divorced separated or widowed

Student must answer each of the following questions for each year.

⑨ Did or will student live with parent(s) for more than two consecutive weeks during

1974?	1975?	1976?
Yes ☐ 1	Yes ☐ 1	Yes ☐ 1
No ☐ 2	No ☐ 2	No ☐ 2

⑩ Was (or will) student (be) listed as an exemption on parent(s) U.S. income tax return for

1974?	1975?	1976?
Yes ☐ 1	Yes ☐ 1	Yes ☐ 1
No ☐ 2	No ☐ 2	No ☐ 2

⑪ Did or will student receive $600 or more of financial assistance from parents during

1974?	1975?	1976?
Yes ☐ 1	Yes ☐ 1	Yes ☐ 1
No ☐ 2	No ☐ 2	No ☐ 2

Now follow these instructions.

- **If you answered YES to ANY of the questions directly above, COMPLETE SECTIONS B, C, D+E**
- **If you answered NO to ALL questions directly above, COMPLETE SECTION E**

B PARENTAL INCOME INFORMATION

Enter annual amounts in boxes only.	1973	1974
① Wages, salaries, tips, and other compensation: a. Father, stepfather, or male guardian	$	$
b. Mother, stepmother, or female guardian	$	$
② TOTAL wages, salaries, tips, and other employee compensation	$	$
③ Dividends	$	$
④ Interest income	$	$
⑤ Taxable income other than wages, dividends, and interest	$	$
⑥ TOTAL (add lines 2, 3, 4, and 5)	$	$
⑦ Adjustments to income	$	$
⑧ Subtract line 7 from line 6 for ADJUSTED GROSS INCOME	$	$
⑨ Nontaxable income (social security, veterans benefits, welfare, child support, etc.)	$	$
10 TOTAL INCOME (add lines 8 and 9)	$	$

ESTIMATED 1975 $

C PARENTAL TAX INFORMATION

Enter information in boxes only.	1973	1974
① Medical and dental expenses (not compensated by insurance or otherwise) for medicine and drugs, doctors, dentists, nurses, hospital care, etc.	$	$
② Casualty or theft loss(es)	$	$
3 TOTAL itemized deductions	$	$
④ TOTAL U.S. INCOME TAX PAID	$	$

⑤ Total number of exemptions claimed on parent(s) 1974 Federal Income Tax Return ☐

⑥ Total size of parent(s) household (include the student named on this form, parents, dependent children, other dependents.) ☐

⑦ Number of members of parent(s) household, including the student named on this form, who will be in post-high school educational institutions at least half-time during 1975-76 ☐

D OTHER PARENTAL INFORMATION

① Marital Status of STUDENT'S PARENTS
1 ☐ Married
2 ☐ Divorced
3 ☐ Separated
4 ☐ Mother living, father deceased
5 ☐ Father living, mother deceased
6 ☐ Both parents deceased
7 ☐ Other

		Present Market Value	Unpaid Mortgage or Debts
② HOME, if owned by student's parents		$	$
③ Investments and real estate		$	$
④ BUSINESS	percent of ownership: %	$	$
⑤ FARM	percent of ownership: %	$	$
⑥ Cash, savings accounts, checking accounts		$	
7 OTHER DEBTS (not included above)			$
8 Enter total amount of unreimbursed elementary or secondary school tuition for dependent children in 1975-76			$

E STUDENT'S INFORMATION

(left)

	1974
① ADJUSTED GROSS INCOME	$
② Enter that portion of the item above earned through employment by:	
a. Student named on this form	$
b. Student's spouse	$
③ OTHER INCOME (social security, child support, tax-free bonds, capital gains, welfare, etc.)	$
④ TOTAL U.S. INCOME TAX PAID	$
⑤ Medical and dental expenses (not compensated by insurance or otherwise) for medicine and drugs, doctors, dentists, nurses, hospital care, etc.	$
⑥ Casualty or theft loss(es)	$

		Present Market Value	Unpaid Mortgage or Debts
⑦ HOME, if owned by student		$	$
⑧ Investments and real estate		$	$
⑨ BUSINESS	percent of ownership: %	$	$
⑩ FARM	percent of ownership: %	$	$
⑪ Cash, savings accounts, checking accounts		$	

For the academic year 1975-76

⑫ Veterans—GI Bill educational benefits $

⑬ Total number of exemptions claimed on student's 1974 U.S. Income Tax Return ☐

⑭ Number of members of student's household, including the student named on this form, who will be in post-high school educational institutions at least half-time during 1975-76 ☐

CERTIFICATION AND AUTHORIZATION

I (We) certify that to the best of my (our) knowledge the information contained in this statement is correct and complete. I (We) authorize the agency to which this form has been sent to transmit the information to colleges, schools, Federal, state or other agencies indicated herein. If requested, I (we) agree to release copies of my (our) United States or state income tax or other related official documents to the agency receiving this form or the colleges, schools, Federal, state or other agencies indicated herein. I (We) further certify that no false statement or misrepresentation is contained herein, knowing that such false statement or misrepresentation shall make me (us) subject to a fine, or to imprisonment, or to both under provisions of the United States Criminal Code, as this form may apply to my (our) eligibility for federal financial assistance.

Signature(s) of student ________________ DATE

and spouse ________________ DATE

Signatures of both parents ________________ DATE

(or guardian) ________________ DATE

Enter the complete names and addresses of the institutions and programs to receive this form. Do NOT leave blank.

NAME	CITY	STATE	Office Use

(right)

1 OTHER DEBTS (not included above) $

	1975-76
2 Financial assistance from student's parents	$
3 Financial assistance from spouse's parents	$

4 Enter total amount of unreimbursed elementary or secondary school tuition for dependent children in 1975-76 $

5 Total size of student's household (include the student named on this form, spouse, dependent children, other dependents.) ☐☐

6 STUDENT'S OCCUPATION ☐☐☐

SPOUSE'S OCCUPATION ☐☐☐

(See list of codes.)

7 Occupations of STUDENT'S PARENTS: (See list of codes.)

☐☐☐ FATHER

☐☐☐ MOTHER

8 Student's Sex 1 ☐ M 2 ☐ F

9 When at home, STUDENT NORMALLY LIVES WITH:

1 ☐ Father and mother
2 ☐ Mother only
3 ☐ Father only
4 ☐ Mother and stepfather
5 ☐ Father and stepmother
6 ☐ Guardian only

10 Student's year in college or post-high-school institution during 1975-76: Check only one.

1 ☐ 1st YEAR (freshman)
2 ☐ 2nd YEAR (sophomore)
3 ☐ 3rd YEAR (junior)
4 ☐ 4th or 5th YEAR (undergraduate)
5 ☐ Graduate/professional
Year in Grad / Prof School ☐

11 Names of other post-high-school institutions attended by the student:

____

____

____

____

12 When does student want financial assistance? Check only one box.

1 ☐ Summer term 1975 only
2 ☐ Summer term 1975 through May 1976
3 ☐ Sept. 1975 through May 1976
4 ☐ Sept. 1975 through August 1976
5 ☐ Fall term 1975 only
6 ☐ Winter term 1975-76
7 ☐ Spring term 1976 only
8 ☐ Summer term 1976 only
9 ☐ Other

USE THIS SPACE TO EXPLAIN ANY UNUSUAL CIRCUMSTANCES.

NAME	CITY	STATE	Office Use

by insurance. These include costs for medicines, prescription drugs and vaccines, hospitals, doctors, dentists and nurses, false teeth, eyeglasses, medical and surgical aids, ambulance and travel necessary to get medical care.

2 - Enter their casualty and theft losses reported on line 29 of schedule A, form 1040. If they took standard deductions or did not file a return, determine the amount of each loss not covered by insurance, due to theft or property lost or damaged by fire, storm, car accident, shipwrecks, etc., subtract $100 from the amount of each loss, total the net amount of each such loss and enter the sum.

3 - Enter total itemized deductions from schedule A, form 1040.

4 - Enter total U.S. Income Tax paid or to be paid (1040, line 22; 1040A, line 19).

5 - Enter total number of exemptions claimed on line 7 of form 1040 or 1040 A. If your parents filed separately, total the exemptions claimed by each.

6 - Enter the total size of your parents' household. Inlcude yourself, parents and children dependent on your parents for more than ½ their support. Include other persons related to parents or living with them for whom they provide more than ½ support.

7 - Enter the number of members of parents' household, including yourself, who will be attending schools after high school during the academic year 1975-76. Include only those who will attend at least half-time.

SECTION D

1 - Enter appropriate information about parents' marital status.

2 - Enter the estimated present market value of parents' home.
- Enter the amount of present unpaid mortgage or related debts on parents' home.

3 - Enter the sum of estimated market value of other real estate (report farm and business in item 5) and the total market value of other investments, including stocks, bonds and other securities.
- Enter the sum of present unpaid mortgage or related debts on that real estate and the amount of debts against parents' investments.

4,5 [illegible] - Enter the % of ownership by parents of any business and farm, separately. Also enter the market value of parents' business and farm (including buildings, machinery, etc.). Do not include their home if it was listed above.
- Enter the amount of unpaid mortgage or related debts on business and farm. If parents own a part of business and/or farm, enter only the value of their % of ownership and their % share of the unpaid mortgage or other debts.

7 - Enter the total of other debts not identified above other than educational and automobile loans.

SECTION E - LEFT

You must provide all of the information requested. In providing income information, you must use the actual figures used on your (and your spouse's) U.S. Income Tax Return or the actual figures which will be used when the U.S. Income Tax Return is filed.

For the tax year 1974, enter from form 1040 or 1040A:

1 - Total adjusted gross income (1040, line 15; 1040A, line 12).
2a/b - That portion of adjusted gross income earned by yourself and spouse, separately.
3 - Total other income of yourself and spouse (non-taxable...see instructions for item B9).
4 - Total U.S. Income Tax paid or to be paid (1040, line 22; 1040A, line 19).
5 - Medical and dental expenses (see instructions for item C1).
6 - Casualty or theft losses (see instructions for item C2).
7 - Enter the estimated present market value of your home.
- Enter the amount of present unpaid mortgage or related debts on your home.

8 - Enter the sum of estimated market value of other real estate (report farm and business in item E5) and the total market value of other investments, including stocks, bonds and other securities owned by you and/or spouse.
- Enter the sum of present unpaid mortgage or related debts on that real estate and the amount of debts against your investments.

9/ 10 - Enter the % of ownership by you and spouse of any business and farm. Enter the market value of such business and farm (including buildings, machinery, etc.). Do not include your home if it was listed above.
- Enter the amount of unpaid mortgage or related debts on business and farm. If you and/or spouse own a part of business or farm, enter only the value of your % of ownership and only your % share of the unpaid mortgage or other debt.

12 - Enter the dollar amount of VA benefits you will receive during the number of months you will be enrolled between 7/1/75 and 6/30/76.

13 - Enter the total number of exemptions claimed on line 7 of form 1040 or 1040A. If you and your spouse filed separately, total the exemptions claimed by each.

14 - Enter the number of members of your household, including yourself, who will be attending schools beyond high school during the 1975-76 academic year. Include only those who will attend at least half-time.

You (your spouse, parent(s) or guardian(s), where applicable) must read the certification and authorization and sign and date this form.

You must then identify the names and addresses of institutions and programs to receive this form or results in accordance with the information above and in the code listing which will provided.

IF YOU ARE APPLYING ONLY FOR THE BEOG PROGRAM DO NOT COMPLETE SECTION E - RIGHT.
SIMPLY TEAR OFF THE FORM AT THE PERFORATION AND MAIL TO THE BEOG PROCESSOR.
IF YOU ARE APPLYING FOR ANY OTHER PROGRAM COMPLETE SECTION E - RIGHT BEFORE MAILING.

SECTION E - RIGHT

1 - Enter the total of other debts not identified above other than educational and automobile loans.

2,3 - Enter the amount of financial assistance to be received from your parent(s) or spouse's parent(s) during the 1975-76 academic year.

5 - Enter the total size your household. Include yourself, spouse and children dependent upon you and/or spouse for more than ½ their support. Include other persons related to or living with you for whom you and/or spouse provide more than ½ support.

6,7 - Refer to occupational codes in code listing for these items.

10, 11, 12 - Check the year of college in which you will be enrolled during the academic year 1975-76. List the names of all other schools you attended after high school and identify the period during the academic year 1975-75 (7/1/75-6/30/76) for which you are seeking financial assistance.

CHECK TO SEE THAT ALL REQUIRED INFORMATION IS FILLED OUT CORRECTLY AND IS LEGIBLE. MAKE CERTAIN THAT YOU HAVE COMPLETED ALL OF THE SECTIONS WHICH YOU ARE REQUIRED TO COMPLETE. BE CERTAIN THAT YOU HAVE ANSWERED ALL QUESTIONS IN EACH SUCH SECTION.

THE FORM MUST BE SIGNED BY YOU, SPOUSE AND PARENT(S) OR GUARDIAN(S) WHERE APPROPRIATE

DOUBLE CHECK THE PROGRAM LISTINGS AND ADDRESSES BEFORE YOU MAIL THE FORM(S).

CHAPTER IV

Coordination and Management of Student Aid Programs

The Task Force has noted that the pluralism of student aid programs takes the form of different types of aid, from different sources, for different purposes, administered through different selection and award processes. Some degree of pluralism is a necessary condition of the student aid system because student needs and resources available to meet these needs are so diverse from state to state or region to region. In this pluralism there is strength, but there are also weaknesses.

The existence of many programs presents potential aid recipients with an array of program schedules, definitions, policies, practices, and activities which they see as confusing, conflicting, and not relevant to their needs. The confusion and conflict could be alleviated with better coordination and management within, between, and among programs. In this section of its Report, the Task Force describes several ways to improve the coordination and management of all financial aid programs in order to improve the student aid system.

The focus of coordination and management must first be directed to information -- when and how it is transmitted between and among students and student aid programs. Without information exchange, there can be no coordination, and management cannot improve.

COORDINATED SCHEDULE

One of the basic problems initially recognized by the Task Force was that the calendar for the availability of applications and beginning of processing for the Basic Educational Opportunity Grant Program was inconsistent with the legislative purpose of the program -- that it become a foundation upon which all other forms of aid were awarded.

The Task Force realizes that a change in the BEOG processing schedule cannot be considered in isolation. Serious issues relating to the timing of Congressional appropriations actions, contracting for operational services, printing of application forms, use of estimated income, and income verification procedures would be raised by such a change. In subsequent portions of this chapter of the report the Task Force addresses some of these issues and makes recommendations for their resolution. The primacy of the issue of schedule coordination, however, causes the Task Force to make the following recommendation of crucial importance to improved coordination and management of student aid:

The Task Force recommends that appropriate actions be taken by the Congress of the United States, the Office of Education, and the Office of Management and Budget to permit the following schedule to be implemented for the 1976-77 processing year (for students seeking aid for the fall, 1977):

September 15, 1976: Beginning of Basic Grant application processing

November 1, 1976: Announcement of State Student Incentive Grant allocations to state programs and SEOG/CWSP/NDSL allocations to postsecondary institutions

and further that the appropriate actions be taken by the legislatures of the states and the state agencies charged with the administration of the SSIG and state-funded student aid programs to permit the following schedule to be implemented for the 1976-77 processing year:

January 15, 1977: Beginning of announcement of student awards from the SSIG and state-funded student aid programs

and further that the appropriate actions be taken by the governing boards of the postsecondary educational institutions and the administrators responsible for student aid program administration at the institutions to permit the following schedule to be implemented for the 1976-77 processing year:

April 15, 1977: Announcement of student awards from the SEOG/CWSP/NDSL and institutional student aid programs.

It is understood that implementation of this calendar is dependent on a satisfactory solution to the issue of verification of income information discussed in Chapter II of this report. It is further understood that the dates proposed for beginning the BEOG Program processing do not necessitate a change in the end of processing for a particular academic year. Students who may be entering institutions at a time other than September need to have access to applications when their educational decisions are made. For some, this may be as late as May or June at the end of the academic year for which processing was begun 21 months earlier.

In a subsequent portion of this chapter, the matter of schedule is further elaborated as a part of a general information exchange system. Even if it is not possible to implement the broader information exchange network for the 1976-77 processing year, the Task Force believes that the schedule changes recommended here must be accomplished. Along with the matter of a single standard for determination of ability to pay and a single application form, the matter of coordination of schedule is of crucial importance to a reduction in the level of confusion faced by all participants in the student aid process.

COMMON DEFINITIONS AND TERMS

One of the characteristics of any organization or system is the existence of lines of communication among the component parts of the system. The student aid system is no different.

There are lines of communication from Federal to institutional programs, from Federal to state programs, from state programs to institutional programs, from each program to students, and so on. But in the present system the lines of communication are not as precise or comprehensive as they might be, nor are they used in the most effective or efficient ways possible. The Task Force makes recommendations in this Report for the establishment of various communications networks to transmit information among programs and students.

A basic requirement of a good communications network is that the messages it transmits have the same meaning for both the sender and receiver. In order for the messages to have the same meaning, the words, phrases, and concepts used in the messages must be similarly defined by all the senders and receivers.

There are many technical terms and concepts used in student aid. The terms are used to communicate to potential recipients and the general public, to communicate to other student aid administrators, and to define program eligibility criteria or procedures for determining that eligibility.

A single term can be used for these three purposes and have three different interpretations. For example, "student" to the general public is likely to mean "a person who is enrolled in college or some other form of postsecondary education;" to the aid administrator, "student" might refer to "full or part-time students at public but not private colleges;" and, as a criteria for program eligibility "student" might mean "a person who is enrolled in a degree-granting program for a minimum of 12 credit hours per semester, trimester or quarter, or a minimum of 24 clock hours per week." Many other words, terms, and concepts in the student aid vocabulary could be used for further examples.

There is a high need for more common definitions in student aid in order to improve communication among student aid programs, students, and the general public. There is also a need for common definitions so that public and private policy makers can understand which programs and practices serve which students in which ways. Better understanding will enhance the partnership in student aid.

The Working Committee on Coordination and Management of the Task Force had, as one of its tasks, the responsibility of exploring the feasibility of developing a set of common definitions for words, terms, and concepts in student aid. During its explorations, the Committee examined the Federal aid program regulation manuals, instructions for completing applications for institutional participation in Federal student aid programs, manuals and other materials prepared by the College Scholarship Service and the American College Testing Program, student aid publications prepared by the National Association of Student Financial Aid Administrators and the National Association of College and University Business Officers, the Data Element Dictionary of the National Center for Higher Education Management Systems, and many state student aid program manuals.

The Working Committee on the Common Form looked at many definitions of items to be used on that document and the Working Committee on Need Analysis examined the definitions of terms and concepts specific to those processes in student aid.

The Task Force discovered a confusing array of definitions of words, terms, and concepts but it also decided that it would be feasible to develop common definitions. Some of these are set forth in the several chapters of this Report. But more are needed.

The development of common definitions is an expensive and time-consuming task which necessarily involves cooperation among all parties in the student aid partnership. Most definitions can be brought into congruence if the partners simply agree to their content. Agreement is sometimes difficult to achieve because some changes in definitions may require changes in legislation or in patterns of expenditures of funds.

For example, if a program aids only "full-time students" and defines them as "persons who are enrolled in a degree-granting program for a minimum of 15 credit hours per semester, trimester, or quarter," the number of potentially eligible students is fixed at those who meet that definition and criteria for eligibility. If the definition of "full-time student" is changed to include students who are taking a minimum of 12 credit hours, then additional students may become eligible and, subsequently, the costs of the program may increase.

The time and resources of the Task Force were not sufficient to bring all parties together for an extensive analysis of the ways in which common definitions and terms could be developed. Furthermore, at the time of its earliest activity, the Task Force discovered that the United States Office of Education was attempting to bring all the definitions in its program regulations manuals into congruence and that a standing committee of the National Association of Student Financial Aid Administrators was working to develop common definitions for terms used by institutional student aid administrators.

While the Task Force believed it wasteful to attempt to duplicate these efforts, it does hold that the development of common definitions and terms is feasible and necessary to improve the coordination and management of student aid programs. It makes the following recommendations:

1. *That the USOE complete its revision of its regulations manuals and definitions as soon as possible and disseminate them as widely as possible;*

2. *That the National Institute for Financial Aid Administration convene an ad hoc committee to develop a glossary of common definitions and terms in student aid. The committee should be comprised of representatives of the Federal student aid programs, the National Association of State Scholarship Programs, the National Council on Higher Education Loan Programs, the National Student Lobby, and the State Higher Education Executive Officers;*

3. *That all program definitions in student aid that are not specifically student aid terms, e.g., student, institution of higher learning, etc., be consistent with data definitions established by the National Center for Higher Education Management Systems; and,*

4. *That all definitions of words, terms, and concepts in student aid be evaluated by the degree to which they mean the same things for all parties involved in the system.*

It is hoped that these recommendations, when followed, will lead to greater understanding, communication, and cooperation among the partners in the financial aid system.

STUDENT INFORMATION PROGRAMS AND SYSTEMS

One of the greatest contributing factors to student confusion about student aid is the lack of good information and communication between aid programs and students.

Part of the communication problem is related to the complexity of what is being communicated. When different sources of aid use different application processes for different programs and types of aid, when different aid programs use different criteria for determining eligibility for awards and determination of ability to pay, when institutions include different items and amounts in describing their student budgets, and when similar words or concepts mean different things to different aid programs, the information communicated to students is necessarily going to be confusing because its content is confusing.

Another part of the communication problem is related to who is doing the communicating with students. Traditionally, student aid information has been disseminated by student aid programs through high school counselors or other personnel, through the mass media, through direct mailings, and in many instances through direct communication with students. Frequently those persons or agencies through whom communications flow do not understand what they are communicating. They frequently do not have time to develop an understanding or to devote much time to impart this understanding to students.

Less frequently, but often enough to create a problem, the communicator has motivations which are in conflict with providing students complete, accurate, and useful information. For example, when some institutions compete for students in the "marketplace for postsecondary education," they sometimes find it advantageous to present incomplete or misleading information to students in order to gain an advantage over institutional competitors. Or, in other instances, student aid administrators may mislead students in order to disguise policies they believe students might find objectionable.

The Task Force does not know to what extent these particular kinds of mis-communication activities exist but the evidence indicates they are seriously detrimental to student freedom of access to and choice among educational alternatives.

Some examples from recent hearings of the College Scholarship Service Student Committee are illustrative of the problem:

> A student was denied aid because his dependency status changed from family-dependent to self-supporting. He was not told about the availability of Guaranteed or Federally Insured Loans and was forced to take a bank loan at 17 percent interest in order to stay in college.
>
> Several students were recruited to institutions with offers of student aid which included large portions of grants awards, only to find on enrollment that loans or employment awards had been substituted for grants.
>
> Many students who were granted student aid did not receive the actual disbursement dollars in time to pay certain institutional fees. Subsequently, the institutions charged them interest on overdue payments.
>
> Several students discovered, after taking college or university jobs gained by their own initiative, that their student aid awards were cancelled or greatly reduced.

The improvement of the student information system must take place within the context of meeting student needs. Students need to know what sources, types, and approximate amounts of aid are available early in their secondary school programs. General information should be made available to them at the ninth or tenth grade and become more specific as they near graduation. Early awareness of student aid and other information related to postsecondary educational opportunities must be made available to help increase the rates of postsecondary attendance.

As students near graduation, the need for more specific information increases. Students need to know the eligibility criteria for a variety of aid programs. They need to know how and when to apply for that aid.

When students apply for aid, regardless of the agency or institution, they deserve prompt, complete, and professional responses. Minority/poverty students in particular require a prompt response because they cannot make or continue plans for postsecondary education without financial commitments from institutions or agencies.

Student needs change as their financial and educational circumstances change. After beginning their postsecondary education, students need ready access to professional, personal assistance to help them continue their education. In most instances, the institutional aid administrator has been the only source of this assistance. The recent initiation of aid programs which provide aid to students at vocational-technical or business schools has left many aid recipients with no access to on-campus advice.

Students need to understand the conditions and terms of their student aid awards. In particular, they need to know how their different activities might affect their eligibility for subsequent awards and amounts. If their aid packages include loan awards, they need information about the loan terms and repayment procedures on a continuing basis.

One of the things that students do not understand about loans is that their repayment after graduation may seriously affect their lifestyles and standards of living. A student whose first job only pays $7,500 per year may find $90 per month loan repayments quite burdensome. Most students who borrow large amounts of money have no conception of what the repayment terms may do to them. Ways should be devised to provide this information.

Students also need to know the terms and limitations of employment awards, especially as they limit the hours they may work. Students also need to know that they are entitled to obtain jobs which are not the most menial or irrelevant available. Students need to know how extra earnings from term-time employment will affect the determination of their need for subsequent awards.

In order to provide better, more complete, more timely, and more accurate information to more students, the Task Force makes a series of recommendations.

> *The Basic Educational Opportunity Grant Program should expand its services to deliver information about all types of Federal student aid programs. Furthermore, the program should continue to provide a student identification service to state student aid programs.*

Because the BEOG program is a broad-based entitlement program upon which all other financial assistance should be built, it should provide students with general information about other Federal student aid programs and provide students with access to information about state student aid programs. These tasks could be achieved by providing a service in which students complete a postcard with their name, address, secondary school or educational level, and perhaps some additional characteristics, and mail it to the program. The program could supply the student with an application, if his level of education is appropriate, and a brochure describing the other Federal student aid programs. The program could periodically provide lists of students to appropriate state student aid agencies so that they might contact the potential recipient.

In addition to these activities, the Basic Grant Program should distribute applications and information through community service groups, agencies and associations, as well as through libraries and educational institutions and should provide 24-hour toll-free telephone service for information about Basic Grants.

> *State scholarship and loan agencies and departments of public instruction or educaction have a responsibility to develop and aggressively disseminate information on all Federal, state, and institutional aid programs within their states.*

Distribution points should include secondary and postsecondary institutions and diverse agencies such as libraries, post offices, employment offices, welfare bureaus, community action, and community service groups.

> *The Task Force urges all local school boards and districts to develop, as a part of their guidance and counseling programs, special courses for secondary school students on choosing educational options after high school.*

The courses could be required or offered as an elective in much the same way that driver education or health education is offered now. The course could be divided into several sections. The first section could be on the educational, instructional, institutional, and employment alternatives immediately available to the high school graduate. The second section could be on the development of information gathering and self-awareness skills to help students decide among alternatives. The third and/or fourth sections could be on coping with and completing application forms and processes and dealing with recruiting and promotional tactics. The fifth section could be one in which the experiences of former students of the secondary school serve as case studies or models of experiences in the various alternative educational and employment activities after secondary school. A sixth section, if it were locally feasible, might include brief apprenticeships in local business or industry.

> *The Task Force urges the Federal and state governments to support the development of local and regional community counseling and educational centers.*

The centers could serve an area covering several counties or just an urban area, depending on such factors as population size and density, transportation and other facilities affecting access to the center, and other available educational resources in the community. Their primary concern would be to increase access to post-secondary educational alternatives of non-traditional students and students who are not currently affiliated with an educational institution.

Through the use of professional, paraprofessional, and peer counselors and counseling techniques, they would perform counseling functions and develop facilitative services. The counseling functions would help potential students identify their educational and occupational goals, assess their positions relative to achieving those goals, identify and recommend courses of action appropriate to achieving the goals, and continue a process of self-evaluation and goal reformulation. The facilitative services would provide referrals to educational, social, legal, and psychiatric agencies and serve as postsecondary information resource centers for the community. They would help students to identify sources and types of financial assistance and serve as a "disinterested party" in monitoring institutional practices.

The Task Force does not intend that these centers would compete for funds with the institutionally-based programs which are designed to serve students of more homogeneous characteristics and less diverse educational career interests. The centers recommended here are envisioned as providing service to would-be students of more diverse backgrounds and educational interests.

Providing students who seek information or assistance with readily available places or means to receive them are important steps in the dissemination of financial aid data to students. However, some means need to be developed to get information to students who do not have enough data to even begin to look for assistance. Put another way, different techniques for getting information to students who do not know how to begin to look for assistance need to be devised. A direct mailing of information to students' home addresses is one way to accomplish this objective.

> *The Task Force recommends that state financial aid programs immediately plan for a direct mailing of general information about their programs for 1975-76. The mailing should go to high school graduating seniors who may be eligible for aid. Further, the U.S. Office of Education should develop demonstration project grants to improve and coordinate Federal and state direct mailing capabilities.*

As lack of funds and appropriateness to Federal and state financial aid programs for the express purpose of dissemination of information has hindered agency efforts, more funds should be made available for "public relations information" activities. These activities should be considered as separate and apart from general administration of programs.

> *The Task Force urges all Federal and state financial aid programs to include line items in their budgets for the production and dissemination of information about their programs.*

Regardless of how efficiently and effectively students are treated by student aid programs, the programs cannot be maximally efficient and effective unless they receive applications from all potentially needy students. Students cannot apply without good, timely information. Students need information as well as money and service. The network for providing that information must be strengthened. The actions urged here should accomplish that goal. The Task Force recognizes that it is quite unlikely that any single one of the approaches to information dissemination recommended here would meet the needs of all students and it is unlikely that all of the approaches will be effectively implemented in all areas of the nation. However, the Task Force believes that the pluralistic and diverse strategies recommended will enhance student access to information about student aid and, consequently, improve access to postsecondary education.

PROGRAM INFORMATION EXCHANGE

From the points-of-view of students and parents, the two most important aspects of information exchange relate to the information they want and need to have about the availability of student aid programs and the information about the specific decisions concerning their eligibility for and receipt of funds from the Federal, state, and institutional programs to which they apply. These two aspects of program information exchange have been dealt with in the preceeding portions of this chapter. There are, however, other informational needs. A good system for exchange of information about each of the several programs' policies, procedures, and activities needs to be developed and implemented. This portion of the report deals with the development of such a system.

The absence of policy, procedural, and operational information creates two classes of problems for the individual program administrators:

1. Problems related to the operational aspects of each program as its activities supplement, complement, or in some cases, contradict the activities of other programs;

2. Problems related to long-range program planning, development and modification among financial aid programs.

Operationally, the lack of information about other programs' activities presents problems in creating total aid packages which are both reasonable and equitable. Perhaps even more troublesome to the programs is the necessity for frequent adjustments of awards to assure that the total package does not exceed the student's demonstrated need.

These adjustments add to program administration costs and frequently come at inappropriate times -- after a student has made a choice of institution on the basis of his award package or even after he has begun a term somewhere. In addition to the confusion generated by the adjustments, the student may be left with an aid package which would have resulted in entirely different decisions.

Program planning without knowledge of the many ways in which other programs might impact or relate to the students the program planners want to serve leads to inefficient, ineffective and contradictory policies and practices which are particularly problematical when public funds are involved.

The Task Force believes that a coordinated system of program information can and should be developed at the earliest possible date.

The network should feature, in each state, a common schedule of information and data to be exchanged by programs and a common calendar for its exchange. The word "schedule" refers to the content and format of the data and information and the word "calendar" refers to the dates on which data will be exchanged. Since the Federal student aid programs have the broadest impact on all other undergraduate financial aid programs, the proposed schedule and calendar is built around their operation and management.

Who will coordinate or be responsible for the exchange?

There is no specific agency or association that the Task Force could identify in each and every state which would have the current capabilities to coordinate or be responsible for the exchange. The states and situations within them are so dissimilar that no one type of agency could be identified as the "best" in all states. The Task Force believes that it is neither efficient nor efficacious to suggest the creation of new agencies to coordinate and manage the network. Therefore, it should be left to individual states to identify an appropriate agency or association. One agency or agent in each state, however, should be charged with the responsibility for seeing that a network is developed in the state.

However, since one of the program information exchange network's basic purposes is to support the student aid planning function, and since the planning commissions are responsible by law for planning for postsecondary education, the Task Force believes it is appropriate that they be directly involved in the development of the network. The Commissions are not administrative agencies, even though some have administrative capabilities. It is not envisioned that they would manage or coordinate an operational network. They should, however, be directly involved with its development.

The Federal student aid programs under the direction of the Associate Commissioner for Student Assistance of the Bureau of Postsecondary Education play an integral role in student aid in each state. And these programs provide a national framework for the exchange network.

> *Therefore, the Task Force recommends that the Associate Commissioner and the postsecondary education planning commissions cooperate to develop program information exchange networks in each of the fifty states and territories.*

The planning commissions and the Associate Commissioner can jointly identify the appropriate agency or association in each state to coordinate and manage the network once it is operational. The designated agency or association should be responsible for the effective management of the network in each state and should make periodic reports to the Associate Commissioner.

What types of information will be exchanged?

Appendix D describes the three major types of information which might be exchanged in such a system -- policy and procedural information, recipient information, and summary information -- and some of the details of the parameters of such an exchange system. The extent of exchange within a particular state would be a function of the resources available for the development and management of the system. At a minumum, however, it would seem necessary that summary information about what student aid monies were available and how they had been expended during the year must be exchanged if administrators are to adequately plan and modify their programs in a manner which will complement and supplement other programs and meet the needs of as many students as possible. For that reason:

> *The Task Force recommends that the responsible agency or association in each state collect program summary information from each institution and student aid program in the respective state, collate that information, and disseminate it to each institution and program.*

The process of producing this summary information will require agreements on what is to be collected and how it is to be tabulated and presented. Appendix D provides some specifications for the development of such summary information.

When will information be exchanged?

The exchange of information should take place at times which will optimally permit individual programs to effectively cooperate with each other in creating total student aid packages. Recommendations concerning needed programmatic changes to accomplish this were made earlier in this section of the Task Force report. The calendars which follow integrate these award announcement schedules into an overall calendar for the totality of program information exchange.

The coordinated calendar that the Task Force prefers cannot be accomplished without changes in legislation to permit forward-funding of state programs and changes in legislation (or at least legislative agreements) to observe earlier dates for the approval of the Basic Grant Family Contribution Schedule. The activities of the Basic Grant Program are fundamental to making the student aid system more effective and efficient.

Because legislative changes may take a long time, the Task Force offers a compromise calendar to coordinate the applications and notification processes and the exchange network.

It is understood that these dates represent the beginning point of the activities. Many activities will continue over a considerable period of time in order to fully meet the needs of all programs, institutions, and students.

THE CALENDAR

	Desired Beginning Dates	Compromise Interim Beginning Dates
Distribution of Policy and Procedural Information collection documents by the coordinating agent	By June 1	By June 1
Exchange of Policy and Procedural Information	By September 1	By September 1
Distribution of Basic Grant application materials for the academic year beginning the following fall	By September 1	By January 1
Beginning of Basic Grant Processing	By September 15	By January 15
Beginning of Basic Grant Student Record File Reports to State Agencies and Institutions	By October 1	By February 1
Announcement of State Student Incentive Grant Allotments to state programs	By November 1	By February 1
Announcement of SEOG/CWSP/NDSL allotments to institutions	By November 1	By March 1
Beginning of Basic Grant/State Program Student Record File Reports to Institutions, Guaranteed Loan Programs, and appropriate Private Agencies	By December 15	By March 15
Announcements of State Scholarship Awards to Students	By January 15	By March 1
Beginning of Institutional Return of Student Record File Reports to State Scholarship Programs for adjustments as necessary	By February 15	By April 15

THE CALENDAR (CONT'D.)

	Desired Beginning Dates	Compromise Interim Beginning Dates
Beginning of Institutional Delivery of Student Record File Reports to GSLP/FISL Lenders as necessary	By February 15	By April 15
Beginning of loan program announcements to students	By March 1	By April 15
Announcements to students of SEOG/CWSP/NDSL awards and institutional grants		
Beginning of validation and verification of student/family financial data	By April 15	By April 15
Distribution of Policy and Procedural Information Collection Documents by the Coordinating Agent	By June 1	By June 1
Distribution of Program Summary Information Data Collection Documents by Coordinating Agent	By July 1	By July 1
Exchange of Policy and Procedural Information	By September 1	By September 1

Beginning of the academic year for which awards have been made

Exchange of Program Summary Information	By October 1	By October 1

The final recommendations of the National Work Conferences on Institutional-State-Federal Partnership in Student Assistance convened by the Office of Education said "that, beginning with the 1975-76 processing year, generating awards for 1976-77, . . . printing schedules be devised to permit all Basic Grant application materials to be available by November 15, . . . (and) . . . that arrangements to begin processing applications should be completed by December 1 . . . ." The recommendations made in the desired schedule advance the distribution date by only 60 days and the start of processing by only 75 days.

Either of the proposed calendars will help institutions to "package" student aid from all sources more effectively and will enhance the implementation of the equity packaging principles recommended below.

It is recognized that the coordinated calendar will not work for all student aid packages. Not all students will make Basic Grant applications early enough, not all states can be counted upon to determine awards and begin making announcements by December 1, nor will all institutions be able to announce institutional awards by January 15. However, the calendar should make it possible for many aid packages to be delivered during January -- particularly the award packages for the new students who most need early information about their aid so they can make informed plans for continuing their education.

What must be changed to implement the calendar?

In order to implement a coordinated calendar, certain changes in the current programs' policies and practices must take place.

The change which would make others more feasible relates to legislative appropriations and allocations to aid programs. If all states and Federal student aid programs knew how much award money they would have to award to students by at least ten months prior to its use by students, aid administrators could more effectively distribute the available dollars among students and make award announcements with a greater degree of certainty about their ability to honor those awards.

Forward-funding of the Basic Educational Opportunity Grant Program and the campus-based Federal programs has been legislated but appropriations and allocations processes are not yet timely enough to achieve the maximum effect of the legislation. Very few states have forward-funding provisions for their student aid programs. Inherent in the earlier recommendation concerning award announcements was a required change in appropriation calendars:

> *The Task Force recommends that Federal and state governments pass legislation and implement procedures for the appropriation and allocation of monies to student aid programs at least ten months in advance of the beginning of the period in which they will be used. The Task Force further recommends that private sources of funds for programs make allocations available by this time.*

The student aid programs could all respond more quickly to students' applications if they would agree on a common base-year for determination of ability to pay for postsecondary education and would further agree to make award announcements, but not fund disbursements, without tax bureau or other agency verification of financial data.

The Task Force, in Chapter II of this report makes the recommendation that the base year on which financial ability to pay is determined should be the January 1 to December 31 period preceding fall enrollment and that this year should be used as the base year by all needs-based student aid programs. The recommendation is reiterated here.

The Task Force believes that student and parental estimates of total base year income can be used to support applications and tentative award commitments prior to completion of the base year. In other words, it is efficacious to permit students to apply for aid as early as a year preceding enrollment, to use estimates of earnings for the base year, and make announcements of tentative awards as soon as possible after receipt of applications. The tentative awards could be made with the stipulation that recipients would have to submit verification of their own and their families' income after April 15 (before a final award disbursement could be made) if the earlier information was an estimate filed prior to completion of the IRS Form 1040 for the base year. The verification requirement should alleviate the concern of many aid administrators that estimates of financial data are incorrect through error, misrepresentation, or both.

The process of award determination would have to be repeated for a significant minority of students who filed applications prior to the April 15 verification date -- probably about a third of the applications -- because their application estimates and final income experiences are incongruent. But for at least two-thirds of the students the differences in parental contribution would be less than $250.[a] So for purposes of planning by students, a tentative award based upon estimated financial data would be quite sufficient.

This process of notification-verification-notification should accomplish two very important things -- the earlier notification of awards to students so that they might implement their postsecondary plans at an earlier stage and the modification of awards in accordance with the most accurate available data.

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[a] Bowman, James L., Accuracy of Parents' Taxable Income Reports for the 1972-73 Processing Year, New York: College Scholarship Service of the College Entrance Examination Board, 1974.

> *The Task Force recommends that all student aid programs implement provisions to accept applications from students at least ten months in advance of the date on which they are to be used. It is further recommended that all aid programs utilize estimates of base-year financial data to make tentative award announcements to students, that the data be verified, and that adjustments to awards be made prior to disbursement of funds to students.*

The Task Force recognizes that the implementation of its recommendations regarding the program information exchange network will be difficult, costly, and initially time-consuming. However, the Task Force believes that the actions suggested here will help alleviate student confusion and make all student aid programs more efficient and more effective.

Student aid program development and planning cannot efficiently or effectively take place without good data and information. The program information exchange network will provide this data and information.

There remains an untreated question concerning who will pay for the information exchange. In a sense all who participate in it will pay for it because it is expensive to manage data. However, with the exception of the agency which coordinates the network, the costs will be distributed so as to not prove burdensome to any one of the partners in student aid. Since the Associate Commissioner and the Commissions are responsible for the development of the network, they should also be responsible for requesting its fiscal base of support. Because the states are constitutionally responsible for the education of their citizens, it seems most appropriate to request funding of the coordinative and exchange functions within a state from the state legislature. The Federal government should also help fund the network in order to assure that its student aid dollars are more effectively expended. For these reasons, funding of the networks should be jointly shared by both governments within a given state.

The program information network is designed so that its three components can be implemented either at different times or congruently. The Task Force recommends that the Policy and Procedural exchange component should be developed first because it will be least difficult to implement, followed by the Program Summary Information exchange component, and then the Student Information exchange component. The latter two components will require many programs to develop management information systems that do not currently exist. That is to say, many programs currently lack the technology, personpower and other resources to produce the data required when it is required. However, even if exchange was not the purpose of generating this information, the ability to do so will permit programs to better internally evaluate the impact of their efforts. The information exchange network is necessary in order to achieve better coordination and management of all the student aid programs without resorting to Federal control or denying the need for and efficacy of pluralistic kinds of programs and sources of support.

STUDENT AID PACKAGING

One of the points at which the other inequities of the present student aid system can be corrected is where the institutional student aid administrator pulls all of the resources together into a package based on the goal of maximizing educational opportunities for the largest numbers of students. Packaging is the moment of truth when it all comes together, where the broad funnel of aid resources comes to its narrowest point and those resources delivered to the student. Although it may quite possibly be the most important single point in the whole chain of student aid decisions, it has been given less attention and study than the estimation of parental contributions, the setting of student budgets, and other significant aspects of student aid administration. The purpose of this section of the report is to examine the problem of packaging and to make recommendations regarding both philosophical and technical approaches to the solution.

Packaging as Philosophy

The packaging of student aid is first an exercise in philosophy and goal definition, then it is a technique. No packaging program, whether with the aid of the most sophisticated computer or with a pencil stub and a hunch, is any good unless it is built around concepts and goals. Every institution of higher education administering student aid should have a well-thought out packaging policy which is carefully designed to meet institutional goals and agreed upon by faculty, administration and governing board. No aid officer can approach the task of administering student aid without knowing what job is expected.

At the risk of making self-evident statements and reiterating positions taken elsewhere in the Task Force report, a review of some basic assumptions seems appropriate. The first is that *society and individuals both benefit from the services of education and society is willing to invest some of its resources in order to receive those benefits*. Whether building free elementary schools within walking distance of every home in local communities, providing undergraduate education at well below cost or establishing a Federal student aid program, all are done so both society and those being educated may benefit.

From the first assumption flows the second, stated earlier in the Task Force report: that *the primary purpose of student aid programs should be to increase access to, choice of, and retention in, postsecondary educational opportunities*. This assumption has crucial implications for packaging and underlies all that will follow in this discussion of packaging philosophy and procedures. If a student aid administrator awards a $1,000 scholarship to a student who already has access to a combination of parental resources and, say, Social Security benefits which are more than sufficient to meet a reasonable student budget at that institution, the student's choice and the needs of the college or university for valedictorians or basson players may have been enhanced, but the $1,000 would have done little to improve access or retention. Similarly, if a student comes to the financial aid officer with no such resources and the package offered consists of a large loan and a burdensome job and the two together are still several hundred dollars short of the student budget, then nothing has been done to improve access, choice or retention. Thus, the corollary to the above assumption: that *packaging policies should be designed to use whatever resources are available to the aid administrator in such a way as to maximize access, choice and retention and to redress inequities caused by the multiplicity of aid resources coming together at the point of packaging.* Such a policy frequently may come in conflict with the perceived interests of a particular college or university and the financial aid officer may well find himself caught in the middle of that conflict, but it is the position of the Task Force that in the long run this is the only wise policy for our society.

As supplement to the above assumptions, it is appropriate to make some observations and to describe and define terminology.

Other chapters of this report have commented on the rapid, and perhaps even explosive, growth of the available student aid resources. Even with this growth in available programs, it is still necessary to assume that parents and students have an obligation to provide for postsecondary educational costs as their means permit. The parental contribution and the student's own self-help through employment or borrowing provide the foundation and the majority of funds for college-going costs, especially at the undergraduate level.

From the student's view all *student aid resources really fall into two categories: self-help and everything else*. Although much has been said -- and with accuracy -- about the enriching effects of employment and the sense of responsibility imparted by an educational loan, the fact remains that students much prefer non-self-help to self-help if given the choice and that, other factors being equal, self-help is less effective in increasing access, choice and retention than are grants, scholarships, Social Security benefits or prosperous parents. Therefore, in approaching the problem of packaging the aid administrator has not only to determine the *amount* of assistance the student already has available, but also must know the *kind*.

If the student and the student aid administrator are to view all non-self-help (parents contribution, entitlements, and scholarships or non-institution grants) as comparable and commensurate, so also should the various forms of self-help be considered as similar to each other. Whether savings from past earnings, income from present earnings or a lien on future earnings, through borrowing, there is the common factor of the funds being provided by the work and effort of the student himself. However, individual students vary widely on which form of self-help they prefer; some prefer to avoid borrowing at all costs, others prefer to have time free during their school career, while others prefer to drop out and accumulate savings for a year or more. Given the fact that non-self-help resources are more limited than self-help and that most student aid packages necessarily must include some self-help component, *it is desirable for the packaging process to permit the student maximum flexibility among the past, present, and future forms of self-help.* The ideal would be to permit free choice in meeting whatever loan/work commitment is included in the package. Implementation of this choice would be aided if Federal programs permitted institutions some discretion to shift funds between National Direct Student Loans and the College Work-Study Program. Giving students such a choice requires, however, that they be given better training and information in the obligations and responsibilities of both working and borrowing so that their choice will be an informed one.

This leads to the question of the theoretical and practical limits to borrowing and working. The original College Work-Study regulations embodied some assumptions in this regard by limiting employment rigidly to fifteen hours per week during the school term, but these limits have been removed and never were enforceable because there was nothing to prevent a student from taking an additional job at a local hamburger stand for an additional fifteen, twenty or even forty hours. Although most student aid administrators would agree that fifteen hours per week is a desirable maximum, individual students vary widely in their capacity to handle employment; for some, even one hour away from their studies will produce anxiety and academic failure, while others are able to handle a large academic load and a substantial job without impairing their academic progress.

Similarly, it is difficult to develop a formula for borrowing limits. The National Direct Student Loan Program provides limits of $5,000 for a student's undergraduate career, with an additional $5,000 for graduate study. The Federally Insured Student Loan provides for a maximum of $10,000. These limits imply that $10,000 is the maximum which anyone should borrow for undergraduate and graduate study combined, but it is entirely possible to have both loans and more besides, including Health Professions and privately secured loans. Conceivably, a student could complete lengthy graduate and professional studies with a debt well in excess of $25,000. For most students this would be unreasonable and the student aid administrator would be acting ethically and in the best interests of the student by not offering loans which build up to such excessive amounts. Yet, this might be reasonable for a medical student or a near-PhD in accounting with good prospects for repayment in a few years.

At the other end of the spectrum, borrowing even as little as $500 might produce unreasonable risk for a freshman from a welfare family or a senior majoring in French literature and having three children and an invalid mother to support. Similar caution ought to be exercised in making loan commitments to a growing group in the postsecondary family -- the senior citizens who have little prospect of being able to repay. A ten-year loan to someone with only five income-producing years ahead does not seem a reasonable risk for borrower or lender.

The sum of it is that there is no reliable rule in determining work/loan limits, but there are factors which ought to be used in making judgments: age, family income background, level of progress toward expected degree, occupational goal, anticipated income, dependents, past academic achievement and total accumulated indebtedness are necessary considerations in making such a decision. In any case, an institutional loan/work commitment should be just that -- a commitment and not a disguised form of unmet need.

An Approach to Student Aid Packaging

Phillips[b] has identified three packaging concepts:

> ". . . there appear to be at least three identifiable concepts, any one of which might guide the effort to secure effective coordination and inter-connection of the six student assistance programs. However, the existence of several similar but yet distinctive concepts has instead served more to confuse matters, perhaps even deterring the development of a fully-coordinated approach to the award of various student assistance monies."

These conceptual patterns for inter-connection of student assistance programs are not fully differentiated or clearly identified with specific constitutencies. However, for the purposes of analysis they may be briefly summaried as:

> .. the "ladder concept" in which the Basic Grant program, in combination with such student and parental resources as are available, provides a guaranteed "first step" for all needy undergraduate students, a floor from which students could advance up the ladder of successive steps until unmet need is fully satisfied.
>
> .. the "packaging or combinations concept" which implies no particular order in which resources normally should be explored except that everything else should be built upon the "floor" supplied by the parental/student/Basic Grant combination of resources.
>
> .. the "self-help concept" that routinely builds in a self-help component composed of student savings, work, and/or loan assistance immediately on top of the floor provided by parental contribution and Basic Grant. This concept reserves all additional grant assistance as a resource of last resort.

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[b] Phillips, John D., Preliminary Report of DHEW/USOE Task Force on Management of Student Assistance Programs, Washington, D.C., December 28, 1973, PP. 17-18.

Under all three of these concepts, parental contribution and/or the Basic Grant is perceived as the "floor" upon which all other student aid resources are added. However, there are significant differences of opinion as to just how those other resources ideally should be arranged and brought into play. These opinions, in turn, are subject to modifications according to changing funding patterns. These circumstances suggest the possible need for DHEW/USOE to seek Congressional approval of statutory changes which would permit more effective coordination.

Equity Packaging

A combination of some of the features of each of these three approaches with certain refinements suggests a fourth approach which might properly be called the "Horizontal Equity" or "Equal Running Start" approach to packaging. It is based on two premises stemming from the previously stated objective of using student aid to increase access, choice and retention: 1) that *students with lesser resources from parents and other sources not requiring employment or borrowing have a greater claim on scholarships and grants than do those who already have those resources available to them,* 2) that *scholarships and grants should be distributed in such a way as to equalize opportunity rather than to perpetuate existing inequities caused by birth or inequitable access to other resources.* Let us illustrate these principles with the following two students:

Student A		Student B	
Budget	+$3,000	Budget	+$3,000
Parents + Basic Grant + State Scholarship	-$2,000	Parents	-$1,000
		Guar. Loan	-$1,000
Net Need	-$1,000	Net Need	-$1,000

Both students have the same net need ($1,000), but there is considerable difference in the manner by which that figure was reached. Student B is already committed to $1,000 indebtedness, so to give them both a loan of $1,000 will simply perpetuate the inequity. Giving each a loan of $500 and a grant of $500 will reduce that inequity somewhat, but the only way they can truly be given an equal opportunity is by giving a $1,000 grant to Student B and a $1,000 loan to Student A.

Under this concept, all of the forms of aid funnelling into the institutional packaging process -- including Basic Grants, parental contribution, entitlements, state scholarships and grants, etc. -- would be considered as the floor, with the objective of the process to distribute institutional aid funds in such a manner as to come as nearly as possible to equalizing the non-self-help components of the aid package regardless of the source of those components.

Equity Packaging of Student Financial Aid

The following discussion is designed to illustrate various ways of dealing with the challenge of maximizing horizontal equity and, therefore, using resources in such a way as to provide greatest access, choice and retention for the greatest number of students. It will not serve to tell a specific student aid administrator in a number of institutions how to package aid, since circumstances will vary greatly; some student budgets will be lower and some will be higher, some institutions will have almost no scholarship or grant funds of their own to allocate and still others will have contrary practices dictated by legislatures or faculty committees. Nevertheless, the discussion illustrates a basic philosophy and a technique for implementing that philosophy.

In approaching the problem of packaging student aid, the aid administrator must consider individual student problems and needs, but these can be dealt with only in the framework of two sets of constraints: on the one hand there is the question of what other applicants are in the pool and what their needs may be, while on the other hand there are very definite constraints in terms of the amount and kind of resources available to the aid officer to assist in meeting those needs. Table A represents such a framework. The following questions and discussion indicate the decision-making sequence and the principles of equity packaging as illustrated by Table A.

Question 1: What are the needs of the applicant pool?

Table A depicts seven students who have applied for student aid. The modest-but-adequate student budget for the typical application in Table A is determined to be $3,000; six students have this budget and the seventh, Gil, is married and will need at least $5,000. Thus, the college costs for the seven students are $23,000 and it will be necessary for the amount to be available from all sources if all are to enter or stay in school. Table A does not purport to represent a "typical" range of cases, but simply illustrates some examples of problems met by the aid officer and some solutions.

Question 2: What resources do the applicants have?

In the determination of student need, and the ensuing determination of the package of aid to meet that need, the aid officer first looks to see what resources the student has accessible for which he or she does not have to work or borrow. These are included under the category of *Family Contribution, Entitlements, and Agency Grants (FCEA)*.

Family contribution represents the estimated ability of the parents to assist financially, as well as any other family gifts or bequests to which the student may have access. Entitlements represent such forms of aid as the GI Bill, Social Security, etc. Agency awards include grants and scholarships provided by agencies outside the college or university, such as state scholarship programs, private foundations, the Basic Educational Opportunity Grant, etc. As discussed in the text of this report, these are considered as similar and undifferentiated so far as the aid officer and the students are concerned, since they do not involve working or borrowing on the part of the students. For example, we know from Table A that Fay is receiving a substantial amount from her parents, Bev is receiving Social Security payments and Dan has a combination of several resources, but for the purposes of equity packaging those sums are lumped together.

Question 3: What is reasonable in terms of self-help?

That portion of each student's budget which he or she is expected to contribute personally before other resources are tapped is represented in Table A as *Student Resources (SR)*. Typically, this represents savings from summer earnings, but it may include earnings from an off-campus job during the school year, savings from a previous job or a privately secured loan such as a Federally Insured Student Loan. For the most part, self-help is secured by the student and is not made available through an institutional commitment.

The self-help component of the aid package is based partially on the principle that every student seeking aid should be willing to contribute something of himself or herself in the form of past, present or future earnings and partially on the need to "shelter" scarce aid funds in order to stretch them further. In Table A the typical self-help figure is $500, but it will be noted that there are variations caused by special circumstances. Cal, for instance, is expected to contribute only $250 and Ed not at all; in both cases, this decision is based on the likelihood of their not finding suitable employment and the possibility of their having to contribute to family support during the summer.

On the other hand, Fay is expected to contribute more than the standard $500 because she is in her junior year and has access to higher-paying jobs. In general, we know that students from higher income families are more likely to find jobs or to have access to family or private loans, so it is reasonable to key such decisions to family income as well as to the applicant's age and level of education.

Question 4: How much need remains after consideration of Family Contributions, Entitlements, Agency Awards and Self-Help?

The seven students in Table A have an aggregate FCEA of $8750 and SR of $3000. It will be recalled that their aggregate budgets amounted to $23,000 so the aid administrator is now faced with the problem of helping meet a net financial need totalling $11,250.

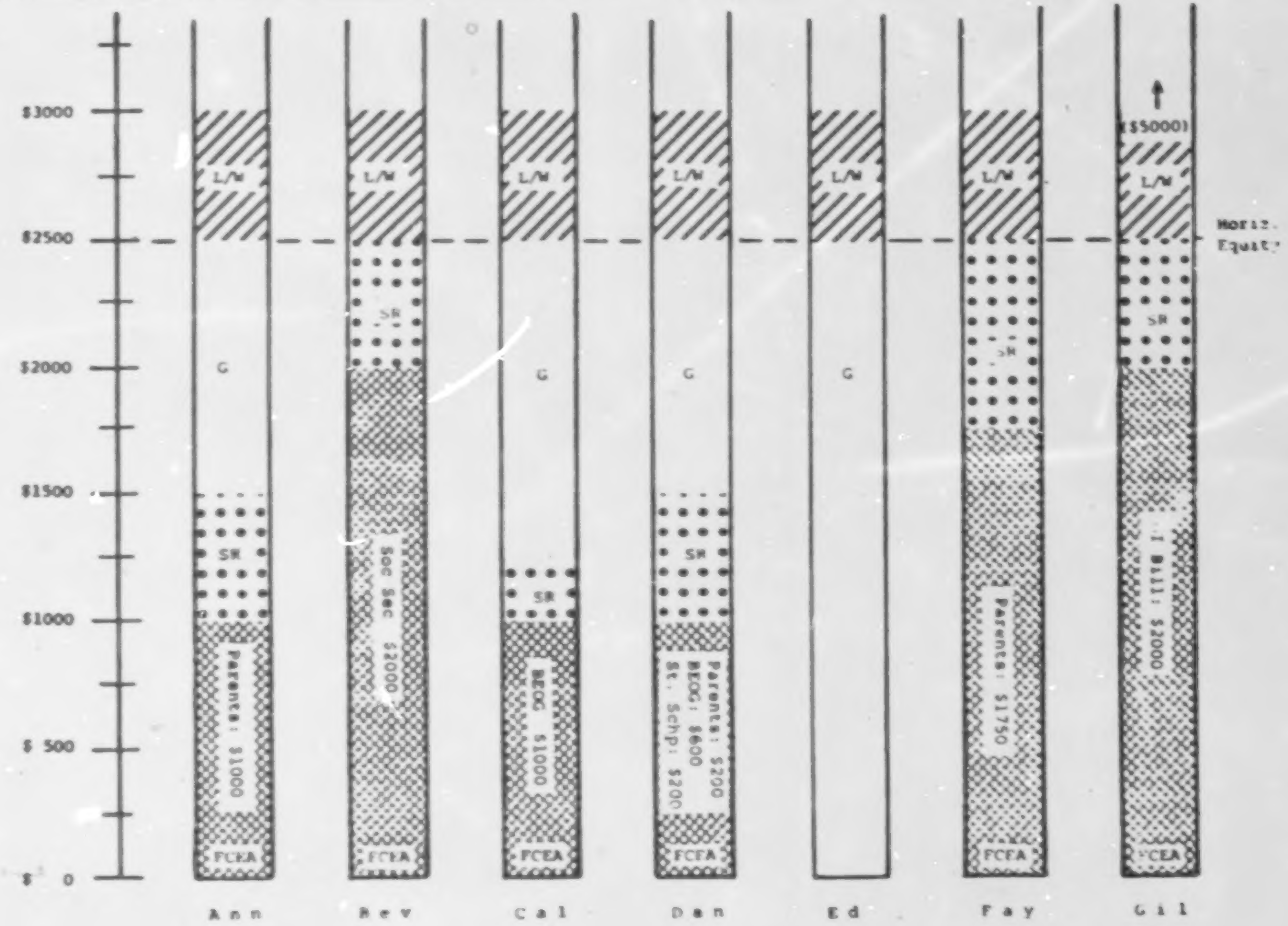

Table A: EQUITY PACKAGING: AN ILLUSTRATION

FCEA = Family Contribution, Entitlements and Agency Awards
SR = Student Resources from summer earnings, savings, private loans, etc.
G = Institutional Grants and Scholarships
L/W = Institutional Loans and Work

Question 5: What resources does the aid administrator have to meet aggregate financial need?

The aid administrator in Table A has approximately $6000 in grants and scholarships available, represented by the symbol G, and in excess of $6000 in loans and work, represented by the symbol L/W.

Question 6: How should those resources be distributed?

Given these circumstances, one temptation would be for the aid administrator to give $800 in grants to each of the seven, but we readily see that this would result in giving one applicant, Bev, resources in excess of the $3000. Another possibility would be to give everybody but Bev a $1000 grant. This would put Dan in the same furtunate position as Bev, but Ed would still have to earn or borrow a total of $2000 and probably would effectively be prevented from attending college by this burden. *Thus, we see that equal treatment is not necessarily equitable treatment.* Still a third, and equally unsatisfactory, alternative would be to distribute institutional grants as a percentage of need. Although this would be somewhat less onerous than giving equal sums to each, it still would perpetuate inequities caused by birth and other circumstances beyond the control of the student.

The solution proposed under the principle of equity packaging is to distribute institutional grant and scholarship assistance in such a manner as to give each student a nearly equal running start. In Table A institutional grants have been distributed to bring each applicant to a level of comparability so far as the amount of work or borrowing expected of each, represented on the table by the line of horizontal equity. The exception to this principle is Gil, who will have to work or borrow substantially more than the others because of the higher budget required to support his wife; if he had not had access to the GI Bill, he also would have received a proportionate amount of the institutional grants to bring him to the line of horizontal equity. Another exception might be made by reducing or waiving the Loan/Work component for handicapped students or others totally unable to bear such a burden.

It should be underscored that the level of horizontal equity was not determined by magic or by an esoteric formula, but simply by distributing grants in such a way as to approach an equal level of support for which the students do not have to work or borrow. Had the amount of institutional grants been $3000 instead of $6000 the line of horizontal equity would have been approximately $1750 instead of $2500, but Loan/Work, though greater, still would have been comparable for all of the first six students. Even if the aid administrator had only Loan/Work to distribute, the funds still would have been allocated in a similar manner, much as one would level off a series of test tubes with varying amounts of liquid.

Not all students will have budgets of precisely $3000, nor will all aid administrators be so fortunate as to have a substantial amount of scholarships or grants available. In some cases the shortage of grants may require still further rationing of funds and arbitrary elimination of some students entirely from institutional grants or even from all institutional aid. Aid resources will vary from college to college and from year to year. Student budgets will vary according to individual circumstances. Some institutions will have 1000 students like Ann, 1000 like Gil and 10,000 in between; other institutions will have thousands of Eds.

But the principle of distributing resources in such a way as to redress inequities caused by a random and uncoordinated national system of financial aid distribution is just as valid as the principle, established a quarter of a century ago, of distributing resources in such a way as to redress inequities brought about by accidents of birth and social station. The student aid community, and the nation, can afford no less. Our clients, the students, will accept no less.

The Task Force recommends that all institutional student aid administrators regard the development of a coherent packaging policy, consistent with institutional and national objectives, as a matter of high priority.

The Task Force recognizes that institutional resources vary dramatically and that other resources available to students are not consistent, but it is recommended that packaging policies be designed to maximize equity and to give all aid recipients a nearly equal base of non-self-help resources before turning to loans and work as a resource. Specifically, it is *not* *recommended that priority for grants be given by reason of academic achievement or demonstrated talent in various skills.*

The Task Force recommends that packaging policies make allowance for differing abilities to handle such factors as economic conditions, academic preparation, progress toward a degree and anticipated ability to repay loans. It also urges that students be given better preparation for the responsibilities of repaying loans.

The Task Force recommends that packaging policies regarding such items as self-help be designed so that the disadvantaged student is not expected to provide unrealistic amounts from earnings or savings and that the aggressive student is not penalized for exercising initiative in securing unusually remunerative employment.

Finally, the Task Force recommends that the National Association of Student Financial Aid Officers or other national organizations take the initiative in organizing training materials and workshops which will help aid administrators in developing improved packaging policies and techniques.

MANAGEMENT AND STAFF TRAINING NEEDS

A great many of the actions recommended by the Task Force in this Report will require increased numbers of trained personnel in student aid. Recognizing this need, the Task Force herein describes the development of the student aid administrator as a campus and program administrator and offers some recommendations for training.

Colleges and universities have offered student aid awards almost since the founding of the first institutions in the 17th century. Many different campus personnel have historically been charged with the administration of aid programs and disbursement of awards throughout the years. These persons included the president, various deans, the bursar, the treasurer, the registrar, and others. No one person or position on all campuses was charged with administration of aid until the last half of the 20th century when Federal student aid programs started to grow in numbers and, consequently increased the number of students to be processed. The administration of student aid became a time-consuming task requiring broad skills in counseling, accounting, fiscal management, and adjudication. With this occurrence, a position called student aid administrator became quite common on campuses throughout the United States.

The growing number of two-year colleges and proprietary schools embarking on student aid programs seems to suggest that if not the turnover rate, certainly the incidence of new and inexperienced aid administrators on the job is again increasing.

Concurrent with the development of program managers at the institutional level was an increase in the Office of Education's professional staff responsible for the administration and review of the student aid programs. These individuals were responsible for the development of program policies and procedures, issuance of manuals and memoranda for the guidance of the institutional program manager, allocation of the resources appropriated by the Congress for the student aid programs, and for review of the operations of programs by the individual educational institutions. This Office of Education staff was, and continues to be, an important and integral part of the personpower necessary for the proper management of the student aid programs.

The states have also developed student aid programs of scholarships and loans which have involved increasing numbers of personnel.

It is estimated that, in 1974, there are over 10,000 professional staff persons directly involved with the implementation of institutional, state, and Federal student aid programs. For most of these positions there are no specific career recruitment, training, or professional development patterns.

Past Training and Professional Development Activities

It can readily be concluded from what limited demographic analysis has been done of institutional aid administrators that most learned from on-the-job training what they felt they needed to function, supplemented by a few formal opportunities which have existed to develop their skills and increase their knowledge. The two national need analysis services, the College Scholarship Service, and the American College Testing Program, have conducted workshops, normally of a day's duration, which provided instruction on need analysis procedures and related topics. The central and regional staffs of the Office of Education have held short workshops on very specific subjects such as the annual application for Federal student aid funds and changes in Federal guidelines.

The Office of Education has also provided funding under the Education Professions Development Act for a limited number of two-week summer workshops in student aid administration. Only a handful of colleges and universities have provided, in their higher education counseling and student personnel programs, formal courses in student aid administration. Certain state and regional professional associations of student aid administrators have sponsored workshops in administration at their annual meetings or on separate occasions. The regularity and effectiveness of these associational training activities have varied widely across the country and usually have reflected the level which the organization had reached in its own development.

The first major attempt to provide specific training experiences for every institutional program manager occurred in 1966, when the introduction of the Educational Opportunity Grant Program caused the Office of Education to contract for the conduct of workshops designed to reach all of the potentially eligible postsecondary educational institutions. During the spring of that year, the College Scholarship Service conducted 86 workshops across the country which reached more than 2,900 individuals representing 1,653 institutions. These workshops, however, focused primarily on the details of administration of the then-new EOG program.

Perhaps the closest thing to a coordinated national training effort since 1966 began in the autumn of 1971, when the National Association of Student Financial Aid Administrators secured a contract with the Office of Education to pursue the following objectives:

1. the appointment in the regions, mostly on a state-by-state basis, of a corps of experienced student aid administrators who assumed responsibility for the training of their neophyte colleagues;

2. the demonstration of techniques of instruction which were intended to enable these trainers to fulfill their teaching responsibilities in an effective manner;

3. the sharing with trainers of draft teaching materials on student aid administration as well as the enlisting of the trainers' assistance in the further development and refinement of the materials.

Forty-two state trainers representing some forty-one states, augmented by fourteen trainers-at-large, attended a three-day workshop in the fall of 1971 and qualified as "trainers." The training materials were initially developed by the College Scholarship Service and, in addition to containing a comprehensive treatment of both student aid theory and procedures, provided information on how to conduct a workshop. Subsequently, under a second contract negotiated by NASFAA with the Office of Education, 1,139 new student aid administrators instructed in student aid administration at some 27 workshops which were conducted in various parts of the country. Drawing upon the written training materials, these workshops (which were for the most part of three days' duration) involved instruction in both the theory and practice of student aid administration.

In conducting their workshops, state and at-large trainers recruited other student aid administrators to assist with instruction so that as of the spring of 1974, 150 professional aid administrators had participated in the training of their neophyte colleagues. Most of these same instructors were called upon again in the spring of 1974 when the Office of Education asked NASFAA to conduct workshops in the administration of the Basic Educational Opportunity Grant Program for high school counselors and postsecondary aid administrators.

Another form of training activity, frequently overlooked, is represented by the "program reviews" conducted by the regional staff of the Office of Education. Differing from formal audits, these reviews deal primarily with the technical administration of the programs by the participating institutions. They review the ways in which the institutions have implemented Federal policies and procedures, review selection criteria and application materials, and study local policies to insure that they are not in contradiction with or violation of the statutes or regulations.

Unfortunately, these program reviews are limited in number. The Office of Education has more than 17,800 contracts, grants, and disbursement agreements with postsecondary educational institutions. To review these, the Office has a total regional office staff of only 89 individuals, including secretaries. It is impossible for this limited number of individuals to conduct any sort of regular program reviews at all institutions where they should take place.

Much informal training has taken place through the interaction of the Federal and institutional program managers in the form of advisory and consultative groups. Bringing together those charged with the administration of the programs at both the national and institutional level permits an interchange of ideas and information which can only improve the abilities of all participants to administer the programs efficiently. These too, unfortunately, have diminished in recent years.

Limited formal and informal periodic training also takes place at national and regional meetings of the membership of NAFSAA and the meetings of the National Association of State Scholarship Programs and the National Council of Higher Education Loan Programs. But these efforts are largely related to providing the administrators with information about one or another changes in student aid programs and are not designed to give the administrators mastery of a specific or even general skills.

Current and Future Personpower Development Needs

Efficient and effective administration of student aid programs requires adequately trained and skillful administrators at the institutional, state, and Federal levels. It also requires a larger number of such individuals.

The National Association of Student Aid Administrators is presently conducting a study to determine how many institutions have or need full-time professional aid administrators, but the results are not yet complete. There is evidence that student aid offices on many campuses are understaffed. Furthermore, the expansion of Federal aid programs into business and trade schools, vocational schools, and hospital schools of nursing has generated a need for more trained personnel to administer aid programs on campuses where programs have never before existed.

The state scholarship and loan programs are, for the most part, more adequately staffed than the institutions, but as state programs expand, their personpower needs will increase.

The number of positions assigned to administration of the student aid programs in the central and regional offices of the Office of Education is clearly insufficient to perform program reviews necessary to train individual administrators on their campuses. When the Office of Education needs to train individuals in the administration of its programs, it must currently rely for support on the NASFAA, the College Scholarship Service, the American College Testing Program, and the Graduate and Professional Financial Aid Council.

There is no sufficiently broad or precise data to provide an accurate indication of the number of personnel necessary to effectively and efficiently administer all the aid programs of the nation. Nor are there data for an inventory of the kind and quantity of skills these persons should have. But available evidence indicates this is a significant problem which requires action by institutional, state, and Federal programs.

The Task Force believes a national study of the management and personpower needs of institutional, state, and Federal programs is needed. Furthermore, the Task Force believes that the Federal government, because of the broad impact of its programs on all others, has the responsibility to fund such a study.

Therefore, the Task Force recommends that the Office of Education commission a national study of the management and personpower resource needs of institutional, state, and Federal student aid programs at both the policy and administrative levels.

The study should utilize data gathered by the NASFAA and the DHEW/USOE Task Force on the Management of Federal Student Assistance Programs but should also gather new data from state programs, institutions, and Federal programs as necessary. The study should produce a clear indication of the quantity and qualities of skills necessary to effectively and efficiently administer all aid programs. Furthermore, the study should be designed to suggest ways in which skills might be developed through training and professional development activities as well as through recruitment of new personnel. The Task Force hopes that the study will provide some indication of who might best accomplish the personpower development tasks.

In spite of the relatively successful training projects of the past several years, coordination and agreement on who is responsible for which aspects of training is not clearly defined. The training of aid administrators cannot be the exclusive province of professional associations, the state and Federal governments, or the scholarship and need analysis services. All must cooperate to determine what components of training and skills development should be included at various career levels or positions in student aid administration.

Funding of training efforts should also be a joint responsibility of all concerned parties.

The Task Force recommends that the Federal government accept responsibility for providing funds for training the institutionally-based administrators who administer Federal aid programs. The state governments should also provide financial support for the training process on a regular basis. The individual institutions should participate indirectly by providing released time for their staffs to receive training while employed.

Even without further study, some evidence is available to guide the development of workshop or in-service training activities. Because workshop experience provides aid administrators with the opportunity to communicate about common problems and because these common problems are typically framed within the context of particular states, workshop activities should be state- rather than regionally- or nationally-based.

The Task Force recommends that, where possible, training activities should be conducted for institutional aid administrators from similar types of institutions, i.e., universities, community colleges, vocational schools, by individuals who have experience working in the respective types of institutions.

> *Training activities should be provided to both new and experienced aid administrators in order to assure that professional skills are developed and maintained at all levels. Training activities, regardless of who conducts them, should not be limited to information necessary to implement specific programs but should include significant exposure to general principles and procedures of aid administration at different types of institutions for different types of programs.*

Some individuals and associations have expressed the belief that certification and a certification process for student aid administrators will increase the level of competency in the profession. A commission of the NASFAA is expected to set forth formal recommendations for certification of institutional aid administrators within the next several months. The Task Force applauds their effort and these types of activities in general because they provide criteria to measure the skills and knowledge of aid administrators. The criteria and process are, however, unlikely to have immediate or wide-ranging effects on the development of skills in the profession. This is because there is presently no legal way to enforce or legitimize their implementation. Furthermore, establishing standards does not in itself produce skills, it only produces criteria for evaluating skills. There must be training activities or educational programs to develop those skills. The training activities of the Office of Education, the scholarship and need analysis services, and the NASFAA must continue and be expanded.

It is hoped that the foregoing recommendations will help to assure an ongoing program of professional development for student aid administrators. These efforts may not, however, be sufficient to deal with a situation which approaches a priority level of importance. Because of the inability of the Office of Education regional office staffs to conduct institutional program reviews of the administration of Federal aid programs at regular intervals, many institutions have been functioning without review of their activities for long periods of time.

Many of these institutions are efficiently and effectively discharging their responsibilities, but others are not. It is unlikely that the regional office staffs will be expanded quickly enough to deal with this serious situation. There is, however, a reservoir of competent and willing individuals who could perform this function on a "crash basis." These are the recognized, experienced student aid administrators in institutions and state programs with efficiently and effectively functioning operations.

These administrators could be used to supplement regional office staffs and implement a major effort to conduct program reviews on all campuses. It is estimated that with the full-time support of 150 aid administrators, the Office of Education could conduct program reviews on all participating campuses within a year. Following such a review year, it is likely that Office of Education staff could conduct follow-up review at least every third year.

> *The Task Force recommends that the Office of Education institute a program whereby aid administrators of recognized skill and competence be empowered to conduct program reviews on behalf of, and with the support of, regional office staff. This program should be of such magnitude as to permit review of each of the participating institutions within one year.*

Such an activity will provide tutorial-type learning experiences for the student aid administrators on their own campuses and could provide data for the management and personpower training needs inventory recommended earlier in this chapter.

Both the current student aid system and the new one proposed in this Report will require skilled and competent administrators at all levels. Increased student aid resources, better information, and better delivery systems will not assure greater access and choice unless the administrators who operate the system are well-trained and skillful. While complete agreement has yet to be reached on what skills and knowledge administrators at all levels should possess, there is enough consensus to move forward with more training efforts of the kind described in this report.

CHAPTER V

The Role and Participation of Students in the Student Aid System and Partnership

The 1974 implementation of the State Student Incentive Grant Program (SSIG), caused problems arising from the interconnected nature of Federal and state government roles in financing postsecondary education to rise to the surface.

People now talk less of the clear separation of roles. Whereas a few years ago, the "Federal role" was described as centering on aid to students and the "state role" was centered on aid to institutions, the distinctions between who should play which roles is now less well-defined. It has taken a few years for persons at the Federal and state levels to become accustomed to talking with each other (along with persons from private institutions, philanthropic sources and private agencies, students and their families, and others) about the complex questions of "financing postsecondary education" through complementary administrative, financing and political roles and mechanisms. Difficult questions remain about the specific roles of specific agencies and bodies of the Federal government, state governments, the private sector, as well as the role of students. The need for closer working arrangements, however, has been recognized to insure that the purposes of Federal and state programs will not be in basic conflict, that aid can be distributed efficiently and equitably, and that the needs of students and potential students can be met.

In this chapter of the Report, the Task Force describes some ways in which the students' role in student aid and in the student aid partnership can become more clearly defined and perhaps bring more precise definition to the roles of all parties in the partnership.

DIRECTLY AFFECTED PERSONS/AGENCIES AS "INTERESTED PARTIES"

In drafting a series of "partnership agreements" in legislation, in regulation, in contract, in planning and research design, and in discussions, the first question is "Who are the interested parties?" That is, who are the persons and bodies whose lives and/or corporate activities will be directly affected by decisions about student aid. Put another way, for whom do or should legal or contractual rights and obligations arise in relation to student aid? The direct effects of student aid decisions are and will continue to be widespread. Therefore, the definition of "interested parties" in formal and informal agreement and discussion should be inclusive.

In defining "interested parties," a number of criteria can be used, including "primary" (or direct parties) and "secondary" parties. Secondary parties may be "directly interested" because of the direct legal impact of decisions on them, although for other purposes they are secondary parties in that they may be "agents" of other "primary" parties.

Another way to look at "interested parties" is to identify those parties "impacted" by Federal student aid programs. The Office of Education's Work Statement on the Impact of Federal Student Assistance Programs (April 1974) called for an assessment of the impact of Federal student aid programs on the behavior of students, postsecondary educational institutions and state governments. While recognizing the impact of student aid programs on a student's parents, family and local government, the Office of Education has identified students, the institutions they attend and state governments as those areas most directly affected by decisions made by the Federal government about student aid programs.

When considering issues of coordination and management of student aid programs, private voluntary agencies, which play a major role in the administration of such programs, also become direct parties.

Within the broad categories of Federal government, state government, postsecondary institutions, and students, there are many subcategories of agencies, bodies, offices, and institutions. Some are directly involved with decision-making or implementation in administrative matters in student aid. Others are involved in financing decisions affecting the structure of student aid programs and other financial structures in postsecondary education and in political decisions affecting overall levels of funding of student aid. Some are involved directly in all three types of decisions.

When subcategories of governments, institutions, and students are identified as "interested parties" for various "partnership agreements" or purposes as they are here, a new interpretation of the partnership takes place. This is especially true for the students.

In partnership agreements, legal enforceable rights and obligations of each party in relation to each other are developed. It is important for each category or subcategory to have the security to protect its own interest and to be able to plan for the future to carry out its other obligations.

This is particularly important in terms of students, because models of student aid have been developed largely around the concept of a student as a "member of a market" with certain "dollar rights" to student aid conferred by Federal, state, institutional, or private parties. The extent of the rights and obligations of the individual student are often unclear to the student and his or her family. In fact, the very nature of student aid rights -- even in the "student in the marketplace" models -- have been "discretionary" and "adjustable" rights (often conferred on a minor student and student's family), dependent on changing circumstances, availability of funds, and the discretion of the student adi administrator. While there is much to be said for "discretionary rights" approaches in the current "mixed market" of "discretionary aid" and "entitlement aid," the administrative mechanisms should also be mixed in terms of the entitlement of an individual student to administrative procedures to secure his or her entitlement rights. Under the current "discretionary rights" concept, a student or potential student does not have the full range of administrative and procedural rights for securing or continuing dollar rights, and has no part in developing and administering such procedures or in developing the changing policies which govern the discretionary process used in allocating funds at the institutional, state or Federal levels.

If the purposes of student aid are to meet the "needs" of a cross-section of students for "access to a diversity of programs in postsecondary education" so that no student is denied access to postsecondary education for financial reasons, the problem of defining those needs from the viewpoint of students and their families, and from the viewpoints of others is paramount.

> *It is important that the interests of students be articulated by persons and groups which are directly responsible to students/potential students (and their families) in order to prevent the inevitable conflict of interest which arises when persons, governments, bodies, groups, or institutions with other primary obligations speak on behalf of students.*

Such persons, groups, government bodies, or institutions can greatly aid, however, in defining how they perceive the needs of different types of students in different programs, through different financing mechanisms, and within various other non-student based goals of postsecondary education.

There are many different types of students with different types of needs. For example, graduate students, low income students, handicapped students, part-time students, and other categories of students have unique needs and problems which deserve special attention by all interested parties. Minority students have especially unique problems and needs which should receive response by all interested parties. The responses to their needs should be based on local and regional, as well as national priorities for the education of minority students. This will help to assure that members of all the various minority groups will receive attention based on needs which arise, in part, from local and regional circumstances and minority representation in different areas.

In determining who are interested parties, there must be a recognition of the complicated balance between Federal, state and private institutions and agencies, and student capabilities and roles. The difficulty of meeting the needs of a growing number and kinds of students should not be underestimated, since the responsibilities of the Federal, state, institutional, and private parties are divided between their legitimate interests in meeting other additional needs of society (such as manpower, defense, research, other educational and economic needs, and other governmental and private goals). Part of the process of developing a "Federal-State-Institutional-Student Partnership" consists of the task of clarifying responsibility for "meeting the needs of students and potential students" rather than simply meeting the administrative, financial and political needs of various agencies and bodies.

STUDENT PARTICIPATION IN THE PARTNERSHIP

There is little agreement on the level or extent of participation of students as co-consumers of, co-producers of, or co-participants in postsecondary education. This lack of agreement extends to the roles that students should play in the student aid partnership.

> *The Task Force believes that students should be able to participate in the student aid partnership at every level in decisions which directly affect their lives.*

Student opportunities to participate in the partnership at the administrative level, the financing level, and the political level should be made available. Student participation must be continual, and undertaken in conjunction with organized groups of students, in order to develop judgment for evaluation and planning which often require the weighing of complex questions. These groups and individual students develop the judgment, the perspective and the common memory over a period of years to assess the interests of various types of students in various administrative, financing and political decisions. Thus, students do not have to "re-invent the wheel" each year.

There are many ways of providing mechanisms which will permit and enhance the opportunities for student participation. The most obvious is to permit students to elect representatives to and become members of various existing decision-making groups concerned with student aid. Another is to develop new types of decision-making groups which would be concerned with adjudicating student grievances through appeals procedures and processes. Likewise, records of decisions on appeals could be maintained and published so that a written case history of student rights in student aid would be available for use by all interested parties -- especially student groups.

> *The Task Force recommends that students be given positions on student aid policymaking groups at the institutional, state, and Federal levels. These positions should be reserved, where practicable, to students who are elected by student senates or other student organizations concerned with governance and by student aid recipients.*

At the institutional level such groups as the admissions and student aid committees should have student representatives. At the state level, boards of higher education assistance agencies, i.e., guaranteed loan agencies, and boards of state scholarship programs should include student representatives as members. At the Federal level, students should be permitted to sit on Office of Education review and appeals panels.

Without a great deal of background and expertise, students should be able to participate effectively at the administrative level on questions of financing postsecondary education in toto. They can simply give firsthand accounts of their own needs, and the problems they have had with the administration of student aid programs.

When students are represented on policymaking boards and gain firsthand knowledge of the problems faced by student aid administrators, governmental bodies, and private agencies, students will experience treatment as the equals of others in the student aid partnership which is working to solve academic and bureaucratic problems. Student participation at the administrative levels may not only help solve specific administrative problems, but increase communication of information about the administrative apparatus and "how the system works" as well. It also keeps the needs of a variety of students at the center of discussion.

Students will begin to participate by trying to understand and articulate their own needs and the needs of other students. By determining and articulating their common and separate problems, or even their conflicting interests, students of different backgrounds develop the experience of a group of persons who know the same language, who know each other, and who have the experience to participate extensively at other levels of student aid decision-making.

As students become more familiar with student aid problems from other perspectives, a larger pool of student expertise will become available from which to draw help in designing models for the financing of postsecondary education. At this financing level, student participants can become more representative of a cross-section of many different student characteristics and they will have the background and judgment to speak on complex questions of finance.

Increased student participation will reveal to all parties that what have frequently been considered student aid problems can be considered common political problems. Even now understanding is becoming more widely shared by a community of students on each campus, and in student organizations at the state and national levels where an ongoing dialogue on student aid and how persons finance their way through college exists.

This political awareness will continue to grow among students, their families, faculty, aid administrators, as well as among persons at state and Federal levels. More will realize that there are currently 1.4 million persons receiving some form of individual student aid from the Office of Education, that 2 million persons are receiving GI Bill educational benefits, and that 7 million persons are affected by tuition decisions made each year in state legislatures and 2-year college districts. These financial decisions which directly and significantly affect people's lives, also affect their families and close friends. Students, as well as their parents, are now voters.

Increased student participation in disscussions on administrative and financing questions will also clarify the fact that the political model under which postsecondary education has existed at the Federal, state and local levels is a very incomplete one. It is a political model which has not been re-examined with the needs of students uppermost in mind -- both as the basis for, and the purpose of, postsecondary education, and as the basis for a new coalition of support for financing postsecondary education at adequate levels. The development of the coalition of support for postsecondary education (at the national level) can come through increased communication with student groups representing many kinds of students, through student media on campus, through the national media, and through increased communication with parents of students and potential students.

Through this process of articulation, a "national postsecondary educational" community is likely to evolve. This community will probably have more common purposes and will be more willing and able to communicate them to public policy makers who are concerned with financing postsecondary education.

STUDENT GRIEVANCES AND APPEALS PROCEDURES

The existence of student aid programs based on "entitlement" and "discretionary" concepts demands clarification for students, student aid administrators and the general public. Students in particular need to understand that decisions at the administrative, financing, and political levels regarding student aid are made in terms of these two concepts. More importantly, students need to have formalized means for seeking redress of real or imagined grievances which grow out of decision-making processes at these levels.

Some clarification of this matter will be derived from the implementation of the Task Force's recommendations regarding student participation on policy-making groups. But particular individual student's grievances cannot be quickly handled or rectified with broad, long-term policy decisions. And policy making groups should not be expected to deal with individual student grievances. Therefore, new groups should be formed to receive student grievances, adjudicate them, and render decisions of redress when appropriate, and in accordance with the law, administrative regulations, and sound judgment.

- *The Task Force recommends that every campus and state program establish clear and publicly documented procedures for appeals boards for the purposes of receiving student aid grievances, adjudicating them, and making recommendations to appropriate officials for redress of the grievances.*

The chief executive officer on each campus should be responsible for the establishment of these boards. They should meet at least once each school term to hear student grievances and render decisions and recommendations on each case. The boards should include as members students selected by the student government body or by vote of student recipients.

The appeals board should keep written records of the basic facts of each case and its decision or recommendation. Such records should be made available by the chief executive officer to any member of the campus community upon request.

Since it is unlikely that all campuses will establish such appeals boards, since it is the responsibility of public student aid programs to provide for fair and equitable distribution of public funds and treatment of aid recipients, and since articulation and adjudication of grievances will lead to better program management and coordination among all programs, an appeals board should be created at the state level.

> *The Task Force recommends that the agency charged with administration of the State Student Incentive Grant Program or other appropriate agency in each state establish a student aid policy review board for the purposes of receiving student aid grievances concerning the administration of all public aid programs with the state, whether they are institutional, state or Federal in origin, adjudicating these grievances, and making recommendations to appropriate officials for their redress.*

The boards should include as members students selected by the state agency from among the membership of the campus appeals boards within the state.

The appeals board should hear policy-related grievances from students on the administration of all public student aid programs within the state. The state board should keep written records of the basic facts of each case and its decision or recommendation. The records should be made available to members of the campus communities and the general public on request. Furthermore, annual reports of the state board's activities and decisions should be distributed to all campus chief executive officers, the state association of student aid administrators, the heads of all state-supported student aid programs, the USOE regional office, the state higher education executive officers, and the head of the state department of education.

> *The Task Force recognizes that its recommendations for the creation of appeals boards represents a major departure from the traditional seclusion of student aid decisions from public observation. It is likely that this departure may create new administrative styles of behavior for some student aid administrators and create situations where administrators will receive public criticism which may be undeserved. But the Task Force believes that the public has a right to know how public funds are administered and that open observation of their administration will ultimately improve the student aid system and the way it functions. Even more important, however, is that these boards will function to provide students with opportunities which do not currently exist to redress real and individualized grievances. And, by keeping records and case histories of this process, the board's decisions will serve as guidelines to develop more appropriate administrative practices, policies, and regulations.*

In order for student aid programs to more adequately meet student needs, those needs and the functioning of current programs must be clarified. Students must be given a definitive role in the student aid partnership, and the procedures and processes for clarifying the roles must become institutionalized. By focusing on student needs and roles, the entire student aid system will be strengthened.

APPENDIX A

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American Association of Community and Junior Colleges
American Association of State Colleges and Universities
American College Testing Program
American Council on Education
Association of American Colleges
Association of Independent Colleges and Schools
Association of Jesuit Colleges and Universities
College Entrance Examination Board
Education Commission of the States
Educational Testing Service
El Congreso National de Asuntos Colegiales
Graduate and Professional Financial Aid Council
National Association for Equal Opportunity in Higher Education
National Association for Financial Aid for Minority Students
National Association of State Scholarship Programs
National Association of State Universities and Land Grant Colleges
National Association of Student Financial Aid Administrators
National Council of Higher Education Loan Programs
National Home Study Council
National Institute for Financial Aid Administration
National Scholarship Service and Fund for Negro Students
National Student Education Fund
National Student Lobby
National Merit Scholarship Program
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APPENDIX C

Suggestions for the Development of Standard Student Expense Budgets

To develop common standards or guidelines requires general agreement on the level or standard of living at which students will be asked to live: identification and classification of types and amounts of items to be included in student budgets; and, identification, classification, and grouping of individual students on the basis of some common characteristics and student expenditure profiles comprised of the items which traditionally make up the student budget.

Common Standards and Guidelines

Some general guidelines for budget construction are:

1. Student expense budgets should be comprehensive and should make provision for the costs of tuition, fees, books, supplies, housing costs, food costs, clothing costs, recreation, transportation, medical and dental expenses, childcare, and debt repayment as appropriate;

2. Student expense budgets should serve as benchmarks in the analysis of an individual student's financial need, and should be adjusted to reflect unique non-discretionary expenses of students;

3. Student expense budgets should be neither luxurious nor poverty stricken, but should represent some reasonable minimum-to-moderate standards;

4. Student expense budgets should reflect prevailing cost patterns of students at postsecondary institutions and the nation;

5. The following factors should be considered in budget construction:

    a. the student's educational level, _if_ the different levels reflect real significant differences in expenditure profiles;

    b. the student's discipline or field of study, _if_ the differences are reflected in different costs for books and supplies, or student fees;

    c. the student's state (county or city) or permanent residence _if_ different fees are employed on the basis of residence;

    d. the student's domicile, e.g., on-campus, off-campus, with his parents;

e. the student's age, _if_ this variable is related to real, significant differences in expenditure profiles;

f. the student's marital status and number of dependents.

6. Student expense budgets should be updated for inflation at least annually;

7. Student expense budgets should be documented through national, state, and institutional surveys.

Implementing these general guidelines involves a problem of integrating specific, campus-based expenditure profiles with some national standards for expenditure profiles.

The Task Force has chosen to provide some procedures for establishing local norms for amounts of expenditures of different types and follow these with some comprehensive norms based upon Bureau of Labor Statistics (BLS) standards for students. When the national standards seem most appropriate, they will be noted.

One of the ways in which a student aid administrator can best accomplish the construction of budgets is to develop them on the basis of similarities and differences in types and amounts of expenditure profiles for different groups of students. Six budgetary types reflect real differences in expenditure profiles: single students living with their parents; single students living away from their parents in on-campus housing; single students living away from their parents in off-campus housing; married students without dependent children; married students with one or more dependent children; and, unmarried students with one or more dependent children. Additions to these types are variations of the six. The items which make up these student profiles are treated below.

Tuition and Fees

Student expense budgets should include an amount for tuition and fees the student will actually be expected to pay at his/her postsecondary institution. If intra-institutional tuition and/or fee differentials exist for separate categories of students such as graduate or professional students, or for in-state, in-district, out-of-state, out-of-district residency, the budget used to determine the student's need for economic subsidy should reflect these differentials.

Books and Supplies

Separate allowances for books, equipment, and supplies should be made depending on the student's educational level or field of study where there is evidence from a local survey that expenditures for these items by students in the particular field deviate from an established norm.

Housing or Room Allowance

1. A housing allowance should not be made if the student resides with parents, unless the student is required to pay rent.

2. The allowance for housing costs should be a function of the student's marital status and number of dependent children; that is, it should recognize family size difference.

3. At postsecondary institutions which operate residence facilities for unmarried students, the allowance for housing for unmarried students, dependent or independent, should not be less than the institution's contract or rental price for these facilities. Likewise, at postsecondary institutions which own or operate married student housing complexes, the allowance for housing for married students should reflect:

    a. the contract price for an efficiency, studio or one-bedroom apartment if the couple has no children;

    b. the contract price for a two-bedroom apartment if the couple has one or two dependent children;

    c. the contract price for a three-bedroom apartment if the couple has three or four dependent children.

4. For students not living in institutional facilities or at home with parents, or at postsecondary institutions which do not own or operate residence facilities, the allowance for housing should be a function of the student's marital status and number of dependent children. The institution should document the housing allowance in either of two ways: by surveying students or by conducting a survey of local landlords to determine prevailing rents for efficiency, one-, two- and three-bedroom apartments. The standard housing allowance for unmarried students and married couples with no children should approximate the prevailing rent for an efficiency apartment. For married couples with no children, the housing allowance should approximate the prevailing rent for a one-bedroom apartment, the rent for a two-bedroom apartment if the student has one or two children, and the rent for a three-bedroom apartment if the married couple has three or four children.

The student aid administrator should use the BLS data when local surveys have not been performed or are not timely enough to be utilized. Furthermore, the BLS data should provide benchmarks for minimum standards of both housing and food when constructing budgets for students who do not live in on-campus housing or with their parents.

Food

1. For students who live in campus-owned or operated housing the student expense budget should include an amount for food which is not less than the amount of the contract price for food at postsecondary institutions with boarding facilities.

2. For unmarried students who do not reside with parents who attend institutions without boarding facilities, the standard student expense budget should include an allowance which reflects an amount students typically spend or need for a nutritionally adequate diet.

3. For unmarried students living at home with their parents a standard allowance for costs of maintenance at home plus an allowance for cost of meals on campus should be included. The allowance for cost of meals on campus should be based on local normative experience of commuting students. The standard College Scholarship Service allowance for 1975-76 is $900. This figure includes an allowance for miscellaneous expenses such as personal items, medical, and dental expenses but is suggested for inclusion at this point in budget construction because the largest proportion of this allowance will go for meals.

4. For married students, the allowance for food should reflect costs for nutritionally adequate diets for families of various sizes.

Transportation and Automobile Expense

The purpose of the institutional student aid program is to provide students with funds necessary to support themselves while students. The place of the automobile in this context has long been the subject of debate. Some view the automobile as necessary for students to obtain their education (particularly at the suburban campuses where public transportation is inadequate or non-existent). Others see the purchase of an automobile as the acquisition of a capital asset similar to a stereo or scuba gear and as such not a legitimate part of the educational budget. One solution is to make no allowance in the standard educational budget for automobile purchase and maintenance above the standard transportation allowance, but to permit and include these expenses in certification of need for a Federally Insured Student Loan. Another is to allow an amount equivalent to 1/36th of the purchase price of a three-year old automobile (about $30 a month) as an additional transportation allowance in those cases where it can be demonstrated that adequate public transportation is not available.

The use of an automobile for transportation to and from work falls into a different category. It seems more appropriate to make allowance for these expenses as an off-set against employment income than as a standard budget allowance.

It may be logical to use IRS standards for automobile expenses as a national standard. For 1974, IRS sets $0.15/mile to cover the cost of running and maintaining an automobile. Ideally, the transportation allowance would be computed separately for each student, and would be a function of the student's marital status and number of dependent children. The allowance should reflect spending patterns of students, as determined from institutional or national surveys.

Medical and Dental

1. Since the new consensus model for need analysis does not include an allowance for medical and dental expenses if the student is dependent on his parents, allowances equivalent to the cost of medical care at the campus health center and for extraordinary expenses should be made.

2. If the student is self-supporting, a separate allowance in the budget should be made for extraordinary medical or dental expenses only on substantiation that treatment is necessary. It is suggested that the campus health services be the agent authorized to certify the legitimacy, necessity, and reasonableness of the amounts charged for such services.

Child Care

For students with dependent children, some allowance should be made for the cost of caring for them during periods of attendance at class and/or employment if no spouse is present. In the instance of a single parent, an allowance for care during periods of class attendance probably should be included in the standard budget. For single parents and married couples a child care allowance for periods of employment would seem to be more appropriately granted as an allowance against the cost of employment than as an addition to the standard budget. Local child care facilities may be canvassed or local babysitting fees can be discovered by surveying local newspaper listings.

Educational Debt Repayment

There are few educational debts which require repayment during periods when the borrower is a student. It would seem that the student aid administrator would make allowance for this kind of indebtedness only when certification can be obtained from the lender that payments are not or cannot be suspended during periods of further study -- and then only after an effort by the student aid administrator to intervene on behalf of the borrower and obtain an extension of the required repayments.

Spouse's Educational and Employment Expenses

If the student's spouse is also enrolled in postsecondary education, allowances for his or her tuition, fees, books and supplies should be included in the budget. Other allowances for spouse's food, lodging, and so on will have been included in the development of a married student's budget. When the student's spouse is employed, expenses directly related to that employment should be treated as offsets to income and not as separate budgetary items.

Other Debt Repayment

The standard budget allows for a modest amount of debt repayment. Allowance of other amounts presumably would reflect unusual circumstances in the student's financial situation. It would seem that where debts do not represent the acquisition of a capital asset such as furniture, cars, stereos, etc., that a monthly amount could be allowed by the student aid administrator.

Sources of Data

There are many national populations from which national standards can be derived. These include the expenditure data of individuals who file Student Financial Statements with the Scholarship Service, United States Department of Agriculture data on consumption budgets, and the Bureau of Labor Statistics (BLS) budget standards.

The BLS budget information is the most widely used source of information in developing need analysis procedures. BLS has published three standards of living for an urban family of four persons, which are widely used to determine budget standards for parents of student aid applicants. This publication provides a detailed itemization of the lower, intermediate (moderate), and higher budget standards for a family of four where the father is age 38. From time to time these standards are updated for price changes in the individual components of the budgets. BLS also provides comparative cost indexes for Standard Metropolitan Statistical Areas (SMSAs) and therefore it is possible to construct budgets that reflect place-to-place differences in cost of living.

Application of the BLS equivalency scale values to the 1967 BLS low and moderate consumption budgets, updated to April 1974 price levels, yields the following 9-month consumption budgets for families where the household head is 20 to 35 years of age:

TABLE ONE

BLS Low and Moderate 9-Month Urban U.S. Budget Standards for Families with Household Heads Age 20 to 35

December 1974 Price Levels

Marital Status	Low	Moderate
Single Individual	$1,980	$2,940
Married - No Children	2,770	4,120
Married - 1 Child	3,510	5,210
Married - 2 Children	4,080	6,060
Married - 3 Children	5,440	8,080

Periodically, BLS publishes indexes of comparative consumption costs for Standard Metropolitan Statistical Areas. (See "Urban Family Budgets updated to Autumn 1973," in *Monthly Labor Review*, August, 1974) The indexes reflect differences among SMSAs in price levels, and can be applied to the urban U.S. budget standards to estimate the low and moderate budgets for persons in each SMSA. Table Two presents BLS comparative cost indexes and the 9-month low and moderate standards for Standard Metropolitan Statistical Areas.

The BLS budgets are recommended because they have the following advantages over other national sources of data:

1. Their use is consistent with budgets incorporated into existing need analysis programs for assessing parental ability to pay for education;
2. They are easily updated through application of the Consumer Price Index (CPI);
3. It is possible to construct budgets for selected cities (SMSAs) that reflect point-to-point differences in prices;
4. The BLS moderate level budgets for families where the household head is age 20 to 35 do not deviate greatly from student estimates of consumption costs.

TABLE TWO

9-MONTH BLS LOW AND MODERATE BUDGET STANDARDS FOR PERSONS AGE 20-35 BY AREA:

UPDATED TO DECEMBER 1974

(S=Single; M-0=Married, No Children; M-1=Married-1 Child; M-2=Married-2 Children; M-3=Married-3 Children)

Area	Low Standards						Moderate Standards					
	Index	S	M-0	M-1	M-2	M-3	Index	S	M-0	M-1	M-2	M-3
Urban U. S.	100	1980	2770	3510	4080	5440	100	2940	4120	5210	6060	8080
Metropolitan	101	2000	2800	3550	4120	5490	102	3000	4200	5320	6180	8240
NonMetropolitan	94	1860	2610	3300	3830	5110	90	2650	3710	4690	5450	7270
Northeast												
Boston	101	2000	2970	3760	4360	5820	115	3390	4740	5990	6960	9290
Buffalo	100	1980	2770	3510	4080	5440	104	3060	4280	5420	6300	8400
Hartford	110	2180	3050	3860	4490	5980	112	3300	4620	5840	6780	9040
Lancaster	97	1920	2690	3400	3950	5270	97	2850	4000	5580	5870	7830
New York-NJ	105	2080	2910	3690	4280	5710	113	3330	4660	5890	6840	9130
Phil.-NJ	99	1960	2750	3470	4040	5380	101	2970	4160	5260	6120	8160
Pittsburgh	96	1900	2660	3370	3910	5220	97	2850	4000	5050	5870	7830
Portland, ME	102	2020	2830	3580	4160	5550	102	3000	4200	5320	6180	8240
NonMetropolitan Areas	97	1920	2690	3400	3950	5270	98	2880	4040	5110	5930	7910
North Central												
Cedar Rapids	96	1900	2660	3370	3910	5220	98	2880	4040	5110	5930	7910
Champaign Urbana	105	2080	2910	3690	4280	5710	103	3030	4240	5370	6240	8320
Chicago-NW, Ind.	105	2080	2910	3690	4280	5710	106	3120	4370	5220	6420	8560
Cincinnati-KY Ind.	95	1880	2630	3330	3870	5170	97	2850	4000	5050	5870	7830
Cleveland	99	1960	2750	3470	4041	5380	103	3030	4240	5370	6240	8320
Dayton	96	1900	2660	3370	3910	5220	94	2770	3870	4900	5690	7590
Detroit	100	1980	2770	3510	4080	5440	101	2970	4160	5250	6120	8160
Green Bay	95	1880	2630	3330	3870	5170	96	2820	3960	5000	5810	7750
Indianapolis	100	1980	2770	3510	4080	5440	102	3000	4200	5320	6180	8240
Kansas City	99	1970	2740	3470	4040	5380	99	2810	4080	5160	6000	8000
Milwaukee	98	1940	2720	3440	4000	5330	101	2970	4160	5260	6120	8160
Minneapolis	99	1970	2740	3470	4040	5380	98	2880	4040	5110	5930	7910
Wichita	96	1900	2660	3370	3910	5220	95	2880	3910	4950	5750	7670
St. Louis	99	1960	2740	3470	4040	5380	99	2900	4080	5160	6000	8000
NonMetropolitan Areas	97	1920	2690	3400	3950	5270	93	2740	3830	4850	5630	7510

Source: James L. Bowman and Dwight H. Horch, *Measuring the Financial Status of Graduate and Professional Students*, Graduate and Professional School Financial Aid Service, Educational Testing Service, (In press)

TABLE TWO (CONT'D.)

9-MONTH BLS LOW AND MODERATE BUDGET STANDARDS FOR PERSONS AGE 20-35 BY AREA: UPDATED TO DECEMBER 1974

(S=Single; M-0=Married, No Children; M-1=Married-1 Child; M-2=Married-2 Children; M-3=Married-3 Children)

	BLS Low Standards						Moderate Standards					
Area	Index	S	M-0	M-1	M-2	M-3	Index	S	M-0	M-1	M-2	M-3
Urban U. S.	100	1980	2770	3510	4080	5440	100	2940	4120	5210	6060	8080
Metropolitan	101	2000	2800	3540	4120	5490	102	3000	4200	5320	6180	8240
NonMetropolitan	94	1860	2610	3300	3830	5110	90	2650	3710	4690	5450	7270
South												
Atlanta	96	1900	2660	3370	3900	5220	94	2770	3870	4900	5690	7590
Austin	91	1800	2520	3190	3710	4950	89	2620	3670	4640	5390	7190
Baltimore	101	2000	2806	3550	4120	5490	96	2820	3960	5000	5810	7750
Baton Rouge	92	1820	2550	3230	3750	5000	92	2710	3790	4790	5570	7430
Dallas	94	1860	2610	3300	3830	5110	93	2730	3830	4850	5630	7510
Durham	97	1920	2690	3400	3950	5270	95	2800	3910	4950	5750	7670
Houston	94	1860	2610	3300	3830	5110	92	2710	3790	4790	5570	7430
Nashville	95	1880	2630	3330	3870	5170	95	2800	3910	4950	5750	7670
Orlando	98	1940	2720	3440	4000	5330	92	2710	3790	4790	5570	7430
Washington, D.C. MD-VA	103	2040	2860	3620	4200	5600	102	3000	4200	5320	6180	8240
NonMetropolitan Areas	90	1780	2500	3160	3670	4890	86	2530	3540	4480	5210	6940
West												
Bakersfield	97	1920	2690	3400	3950	5270	94	2770	3870	4900	5690	9750
Denver	98	1940	2720	3440	4000	5330	96	2820	3960	5000	5810	7750
LA-Long Beach	104	2060	2880	3650	4240	5660	100	2940	4120	5210	6060	8080
San Diego	101	2000	2800	3540	4120	5490	98	2880	4040	5110	5930	7918
San Francisco Oakland	109	2160	3020	3830	4440	5930	107	3150	4410	5580	6480	8640
Seattle-Everett	104	2060	2880	3650	4240	5660	103	3030	4240	5370	6240	8320
Honolulu	119	2360	3020	4180	4850	6470	115	3390	4740	5990	6960	9290
NonMetropolitan Areas	97	1920	2690	3400	3950	5270	90	2650	3710	4690	5450	7270
Anchorage	143	2840	3970	5020	5830	7780	129	3800	5320	6720	7810	10,420

Source: James L. Bowman and Dwight H. Horch, Measuring the Financial Status of Graduate and Professional Students, Graduate and Professional School Financial Aid Service, Educational Testing Service, (In press)

For these reasons, the BLS data probably provide the best basis for determining national and local budget standards for single individuals at non-resident institutions and married students who do not live in campus-owned or operated apartments. On the other hand, BLS standards may not be appropriate for students who live with parents and commute to campus, or students who live in campus-owned or operated housing because amounts for housing actually paid by the student may deviate substantially from the amount assumed in the BLS standards. It is probably best, therefore, to construct budgets locally for students who live with parents and commute to school, and for students who reside in housing owned or operated by the postsecondary institution. It is suggested that aid administrators use standards which are based on their campus-operated facilities and local standards for students who live with their parents.

Establishing Local Norms

There are varieties of ways to collect data to establish local norms. Many aid administrators do this by interviewing students, by analyzing self-reported budget estimates on aid applications, or by conducting actual surveys of the student population or a sub-population. It is widely known, however, that employment of different techniques yield results of quite varying reliability and validity.

The Task Force believes that more uniformity of procedures for establishing local norms can be achieved by presenting some guidelines for the collection of data on individual campuses to support budget construction.

The Task Force recognizes that student aid administrators on many campuses frequently lack the resources necessary to accomplish major, or in some instances, even minor research efforts. In part, this is due to lack of funds to devote to research.

Even if funding for research on student expenditures is available, many questions need answers before research can take place. The questions include: What groups should be studied to establish norms? What sample sizes are appropriate? What data needs to be collected? When and how should the data be collected?

The norms groups should include students who are representative of the students in each budgetary type, e.g., single students living at home, single students living on campus, married students without dependents, etc.

The groups should include aid recipients and students who are not aid recipients. In no cases should norms be based upon just the student aid recipient population because these students' expenditure profiles will typically differ from the profiles of the non-aid recipients.

After a decision about the types of students that should be studied is made, the sizes of samples must be determined. In general, sample sizes of no fewer than 100 students per budgetary type should be obtained in order to assure that results are statistically significant. When one is establishing means or norms of expenditures for different items, a test of significance of means is necessary to assure the reliability and validity of the results. Tests of significance on the particular budgetary item variables under study will require at least 100 students in each sample.

On small campuses there may not be sufficient numbers of students in a given budgetary type to meet the 100 student minimum. In these circumstances the researcher might combine study results from two consecutive years, adjust the results with comparisons to national data, and validate the norms with interviews of students. On small campuses it may be best not to sample the student body but to study the entire population.

On larger campuses sampling is appropriate because it reduces the costs of data manipulation. The answer to "how large a sample?" can be determined by the 100 student limitation and some simple arithmetic. This is illustrated below. Assume a campus population comprised of 15,000 undergraduates distributed among budgetary types as follows:

6,000 single students living in on-campus housing
3,000 single students sliving in off-campus housing
3,750 single students living with their parents
2,500 married students without dependents
750 married students with dependents

If a questionnaire is to be administered to these students and there is no way to identify beforehand which students will fall in each category, then the proportion of all students to be sampled depends on the minimum number of respondents needed from the smallest group. One hundred students is the minimum sample needed. Only 750 married students with dependents are included in the population. At least 100 of them should be included in a sample. This is 13 percent of that sub-population. Therefore, one out of every eight students in the entire group needs to be included in the sample. The total sample size for the college will be approximately 1,950 students.

If students are mailed a questionnaire and have a free choice to respond to it, the surveyed sample should be at least double the size of the research sample needed in order to compensate for non-respondents. Therefore, about 3,900, or one out of every four students should be asked to participate in a survey.

The answer to what data should be collected should be "all those factors which relate to identification and classification of students and budget items into expenditure profiles."

The choice of when to collect data is a difficult one. If data are collected at the beginning of a year, new students may not be able to provide accurate estimates of what various items will cost them for the year. But if data are collected at the end of the year, when more accurate estimates might be available, the results cannot have been used to counsel aid applicants who applied during the current year for aid for the subsequent academic year. A possible compromise is to collect data after the first term of the year. This would permit the use of results at an earlier date after having given new students some experience with their expenditure patterns. Regardless of when data are collected, they would be compared with consumer-price index data and adjusted where appropriate.

The choice of how to collect data is largely dependent on resources available to the researcher. The least expensive way to collect data is to ask the sample students to complete a self-administered questionnaire. But mailing a self-administered questionnaire to students involves some risks. First of all, students might incorrectly interpret and incorrectly answer the items on the questionnaire. Secondly, if students are given a free choice to respond, the characteristics of respondents may differ from the characteristics of students who choose not to respond. Then the researcher has to make some judgments about whether the results of the survey are representative of all students in the population. Both of these risks could be eliminated by interviewing students, but the process of setting up and conducting interviews is costly and time-consuming.

Most student aid administrators are likely to have to resort to self-administered questionnaire techniques. The risks of misinterpretation of questions can be minimized by "field-testing" the questionnaire on a few students and revising troublesome items before administering to all students.

The risks of sample bias can be minimized by carefully selecting the sample of students to be surveyed and applying statistical tests to results on the basis of other knowledge of the student population. For example, if it is known that 65 percent of the population is comprised of male students and only 45 percent of the questionnaire respondents are male, the researcher will have to adjust the results in accordance with the way responses vary by sex of the respondent. If analysis showed that the male respondents spent an average of $450 per year on clothing and recreation and female respondents spent $500, the weighted average for both sexes would be $478. This is obtained by multiplying $450 by 45 and $500 by 55, summing the products, and dividing by 100. However, since more respondents were female than appear in the general population, the probable weighted average for all students is $468. This is obtained by multiplying $450 by 65 and $500 by 35, summing the products, and dividing by 100.

Another way to estimate the impact of sample bias is to apply statistical tests for standard errors of the mean to results. These tests will show how widely the respondents' means may differ from the population means. In the clothing and recreation example given here, an error of $20 to $30 is tolerable because it only represents $3 to $4 a month per year per student difference in expenditures.

Mailing a questionnaire to a sample of students at the end of the first term is one way to administer the questionnaire. Another alternative is to administer the questionnaire, if it is brief, to all students at registration and then analyze a random sample of respondents in order to reduce data processing costs if the campus population is quite large. One does not have to be concerned with sample bias if an entire population is studied.

In summary, the Task Force recommends that a questionnaire should be administered annually on each campus to enrolled students within each budgetary type to obtain data on the real expenditure profile experiences of the students. The questionnaires should ask for data in a fashion that will permit inter-institutional comparisons of student expenditure profiles. That is to say, the items should be similar and responses should be tabulated in a similar fashion. The questionnaire should be administered during the middle of the academic year so that responses can better reflect the true experiences of students. In some instances, the entire student body should be studied, but in other instances where the enrolled student body is large, samples of students may be studied as long as efforts are made to insure that the samples are representative of the populations and sub-populations to be analyzed. A strong attempt should be made to obtain study samples of at least 100 students per budgetary type group. The results of any survey analysis should be validated where possible by student interviews, comparisons with national data, and campus-based data from non-survey sources. The Federal and state governments have a responsibility to provide fiscal support for these research activities by providing institutions with an administrative allowance which is based on a percentage of the total amounts of aid dollars administered by the institution on behalf of these governments.

APPENDIX D

Program Information Exchange

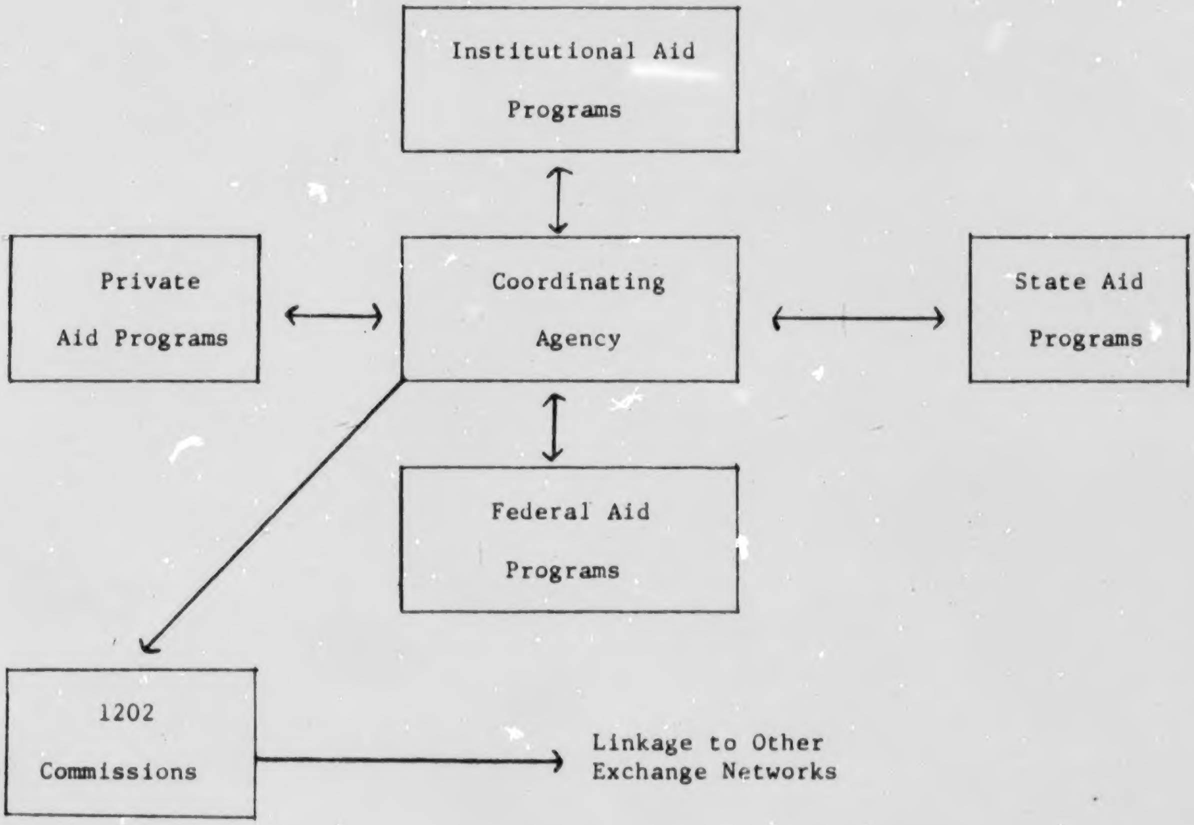
In Chapter IV of the Task Force report a number of recommendations were made concerning the exchange of information from and about the various student aid programs. This Appendix provides some additional details about that process and the kinds of information which might be exchanged.

Who is Going to Exchange Information?

Since the development, operation and management of programs as they exist within a state seems most critical, the first assumption for the information exchange is that its primary network will operate among the Federal, state, institutional, and private aid programs within the geopolitical boundaries of a given state. This does not imply that state programs or other programs within a state should not, cannot, or will not communicate with programs outside their state. It implies only that the functional operation of the primary network is based upon information exchange within a state. Figure Three diagrams the primary exchange network and its relationship to other networks.

Figure Three

The Primary Information Exchange Network


Institutional Aid Programs
Private Aid Programs
Coordinating Agency
State Aid Programs
Federal Aid Programs
1202 Commissions
Linkage to Other Exchange Networks

What Information Will Be Exchanged?

There are three categories of information to be exchanged:

> Policy and Procedural Information - Information related to the amounts of aid available to potential recipients, the types of aid available, the criteria for eligibility and awards, and the procedures for delivery of the aid, i.e., application forms, dates, etc.;
>
> Student Information - Information related to specific students who apply for aid from the program, e.g., name, address, identification number, individual award amount and type, etc.;
>
> Summary Information - Information related to the group characteristics of applicants and recipients and where their particular awards were spent for what types of education, e.g., in-state, out-of-state, two-year, four-year, public, private, proprietary, institutions, undergraduate, graduate or professional, business/vocational education.

The exchange network described here could, in any given state, feature exchange of one, two, or all three categories of information. Because of costs or other considerations it may be possible to implement just one of the phases of information exchange. This does not, however, negate the value of the exchange of information nor the utility of the entire network. The exchange of Student Information will be greatly facilitated to the extent that the Common Form is adopted by all the aid programs within a state. The exchange of Policy and Procedural Information would lead directly to documents which could be distributed through the student information system described earlier in this Report.

Policy and Procedural Information refers to information on the amounts of aid available to students through the various programs and the types of students to which the aid would be directed. The amounts of aid simply refers to the appropriations or allocations to the particular programs. The types of students refers to the general characteristics of the students the program administrators hope to serve. In the initial year(s) of the information exchange network, different deadline dates for receipt of applications and notification of student awards would be collected and exchanged, but hopefully, all programs would adopt common calendars and the common application, making the collection of this information unnecessary.

It should be feasible for at least some, if not all, programs to exchange information concerning the probable amounts of awards (or probability of an award) to students within given ranges of family income, student and parent contributions, and demonstrated need, so that each program can anticipate how a student who applies to another program may be treated by that program. (The feasibility of such an exchange will be enhanced with the acceptance of a Common Form and a common procedure for assessing parental ability to pay for postsecondary education.)

The implementation of this phase of the program information exchange will be the most easily accomplished because it requires only descriptive information which is similar to that collected from state programs by the National Association of State Scholarship Programs in its annual survey and by several state student aid officers' associations for publication in handbooks prepared for students.

The amount and type of student information which can legally and feasibly be exchanged is more difficult to determine. It is not feasible nor is it necessary for all programs to exchange all the information they collect on all their applicants. Given wide acceptance of a Common Application Form, most programs would have the same information on each student anyway. Under those circumstances, the programs would only need to let each other know that particular students had applied to their program and the specific decisions that had been made on the students' applications.

Any exchange of student information involves questions of student and family rights to privacy. The exchange requires that information which is collected NOT be made available to persons or agencies without the student's and family's consent and foreknowledge. The agency in each state that is responsible for the network must safeguard the student and family right to privacy.

The DHEW/USOE Task Force on Management of Student Assistance Programs recommended that the Basic Grant Program report individual records and summary data on Basic Grant applications on a monthly basis to state scholarship agencies. It was further recommended that information related to awards the state agencies make to the Basic Grant applicants should be forwarded to the appropriate postsecondary institutions on a timely basis. Therefore, it seems reasonable to develop a system in which the state scholarship agency forwards its grant information to the postsecondary institutions and, at the same time, to the Guaranteed Loan Program in the state. Again, if the Common Form were adopted, only the names of the student and each program's action would need to be forwarded since each agency would have the application data.

The institutions, once they have made their awards to the students, would forward notification of their decisions to the guarantee agency or to individual lenders which the students might identify.

The particular pattern of information flow recommended here facilitates the acceptance of the packaging philosophy recommended below. The philosophy underlying the recommended packaging approach is that all grant monies should be used to "equalize" the ability of students and parents to pay for postsecondary education. Under this flow of information, the Basic Grant would provide the foundation upon which all other aid is based. State grants would be the next type of grant award, followed by the Federal Supplemental Educational Opportunity Grant and institutional grant monies. Institutional work and/or loan awards, the National Direct Student Loan awards, the College Work/Study awards, and the Guaranteed Loan Program loan awards would all fall under the rubric of self-help and be awarded after grant monies are utilized. Regardless of the point at which a student might enter the system, e.g., by applying for a Basic Grant, a state scholarship or loan, or an institutionally-based award, the student's final aid packaging process at the institution would be facilitated by the proposed system.

The flow of the individual award data files are diagrammed in Figure Four. It should be noted that options are built into the flow for states where there are no state guaranteed loan agencies. It is assumed that all states will have a state scholarship agency which participates in the State Student Incentive Grant Program. Another option is to include private grant and loan programs in the information flow where there are large programs which do not make awards through the institutions.

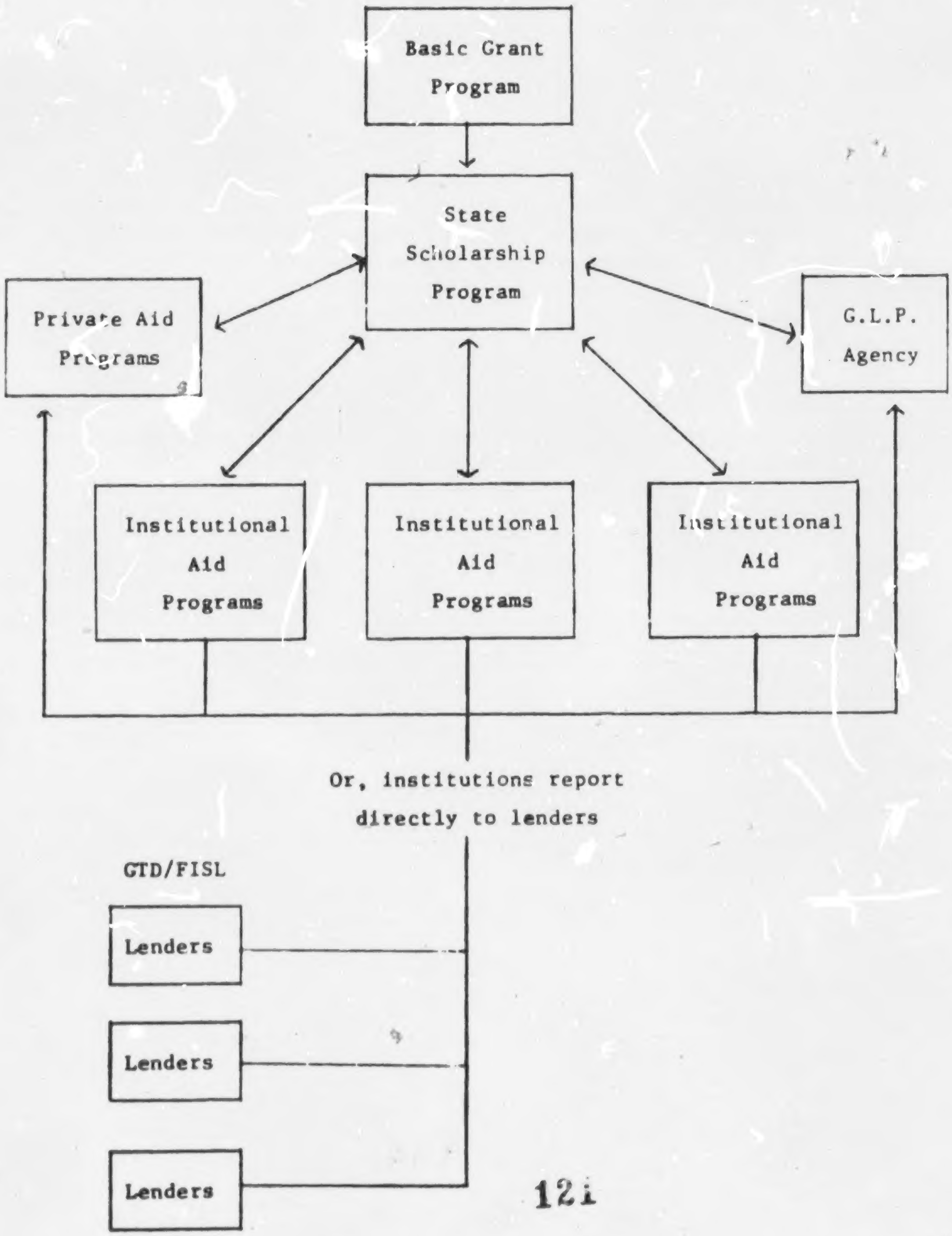
While the needed Summary Information is similar to that obtained for fiscal operation reports to Federal and state governments, it does not necessarily require the same "accountant's precision." In the interest of efficiency of data management, however, there should be a close correspondence between both kinds of reports, i.e., Summary Information collection documents should ask for similar kinds of information in similar formats.

There will have to be more than one type of data collection document. One each for the Basic Grant and Federally Insured/Guaranteed Loan Programs will have to be developed. Other documents for institutionally-based aid programs, state scholarship or loan programs, state vocational rehabilitation programs, and private scholarships or loan programs will have to be developed. Finally, a document for the Veteran's Administration and Social Security Administration programs will have to be developed. In order to facilitate the program information exchange, the Federal programs should be responsible for generating state summaries for expenditures from all their programs, regardless of whether the aid is delivered directly by them or an administrative agent. Some characteristics, however, seem common to any and all collection documents.

1. All programs should agree to use the same family and independent student income intervals for all their reports. While annual gross family income as an indication of ability to pay for postsecondary education sometimes is misleading (where family sizes or assets drastically differ or lack congruence with gross income), it remains the most basic and understandable statistic for most policy makers.

Figure Four

The Flow of Student Award Data Files


Basic Grant Program
State Scholarship Program
Private Aid Programs
G.L.P. Agency
Institutional Aid Programs
Institutional Aid Programs
Institutional Aid Programs
Or, institutions report directly to lenders
GTD/FISL
Lenders
Lenders
Lenders

Reports back to G.L.P. agency

That is why its use is suggested here. The number and width of the intervals should bear some relationship to ranges of student and parental ability to pay for postsecondary education. These nine intervals seem appropriate: less than $3,000; $3,000 to $5,999; $6,000 to $8,999; $9,000 to $11,999; $12,000 to $14,999; $15,000 to $17,999; $18,000 to $20,999; $21,000 to $24,999; and, $25,000 and above.

2. If a program makes awards to students at more than one institution or type of institution, they should be identified by level (less than two years, two but less than four years, four or five-year baccalaureate, and beyond the baccalaureate degree), by control (public, non-public, proprietary), and by type (terminal-occupational or bachelor's creditable but below four years, liberal arts and general, graduate and/or professional).

3. If a program makes awards to post-baccalaureate students as well as baccalaureate or pre-baccalaureate students, the graduate-level applicants and recipients should be distinguished on the report forms.

4. Scholarships and grants, loan, and employment awards should be distinguished by whether need is or is not a criteria for eligibility.

For institutional Summary Information, aid should be distinguished on the basis of type, whether it is based on need or not, and its source of funds, i.e., Federal, state, private, or institutional. Information about applicants' family incomes, whether for dependent or independent students, should be exchanged along with their program level (lower-division, upper-division, post-baccalaureate) for each category of aid program.

APPENDIX E

A Description of the Consensus Model

For Determination of Parental Ability to Pay

The purpose of this paper is to describe the proposed system for a uniform methodology for measuring parental ability to pay for postsecondary educational costs. The uniform methodology brings into being several characteristics long considered desirable by many financial aid administrators and agencies awarding student aid funds -- namely, a more simplified system in which the methodology can be readily understood by the users and in which accuracy of information is retained.

The development and maintenance of a uniform methodology for the measuring of parental ability to pay will continue to be important as long as the primary purpose of financial aid programs is to permit attendance at postsecondary institutions by students who cannot afford to pay the expenses themselves. The desired equity in the awarding of financial aid can only be achieved through the widespread application of a consistent method for measuring the ability of families to pay for educational costs.

Assumptions

The underlying principle of the methodology is that parents have an obligation to finance the education of their children to the extent that they are able.

Another general assumption is that the family should be accepted in its present financial condition. A system that analyzes financial need should deal first with the objective facts of family financial circumstance. It should not make distinctions between the frugal and the spendthrifty. It should not distinguish between improvidence and financial hardship.

The proposed uniform methodology attempts to treat all families equitably, recognizing the peculiarities of each family's situation that contributes to differences in ability to pay. The computation system must consider the size of the family and the extraordinary expenses that the family may have; it should consider special family circumstances such as age, marital status, and the number of working parents, as these factors can and do alter a family's financial strength.

The uniform methodology considers both the income and assets of parents in measuring their financial strength to contribute to postsecondary educational costs. This principle of need analysis assumes that a family's income is the primary source of support for postsecondary education, but its accumulated assets must also be considered. Income and assets, combined, produce a comprehensive index of a family's financial strength and therefore its ability to contribute toward educational costs. Furthermore, the system recognizes certain expenses and expenditures that are generally not a matter of family choice; it does not, however, make adjustments in estimates of financial strength because of differences in family situations that do result from family choice. For example, a family that owes a large debt on an automobile is treated identically with a family that owns a fully paid-for model. Even though the first family has a debt and may be required to allocate more of its income to paying that debt, the purchase of the automobile generally reflects family choice. Therefore, the debt obligation is not considered in the estimate nor is the value of the automobile.

Although relatively simple, accurate, and objective data are the basis for the uniform methodology calculations, the resulting contributions are a reliable estimate of the family ability to contribute to postsecondary educational costs. There may well be complexities in individual family financial circumstances and differences in attitudes toward education that will require that an aid administrator consider adjustments if appropriate for a specific family. In doing this he or she should evaluate both the objective and subjective information available to him from all sources.

In general then, the expected parental contribution toward educational expenses generated by the uniform methodology are derived from the interaction of income, unusual circumstances, asset holdings, and rates of expected contribution toward educational expenses.

Basic to the philosophy of the uniform methodology is the concept that certain levels of income and assets are required to provide for the economic necessities of the family, and that income and assets above these levels are available, in varying amounts, for meeting the costs of attendance at institutions of postsecondary education.

Concept of Effective Income

The uniform methodology for measuring parental ability to pay uses a concept of "effective income" in its procedures for calculating the parental contribution for educational expenses. Effective income, in this case, is defined as that income available to the family for the provision of its economic needs after allowance against the parents' total taxable and non-taxable income has been made for the following expenses:

1. Federal income and FICA
2. An allowance for state and local taxes
3. Medical and dental expenses claimed for tax purposes (excluding medical insurance)
4. Casualty and theft losses claimed for tax purposes
5. Housekeeping allowance (if appropriate)

An allowance is made for Federal income and social security (FICA) taxes because these are mandatory taxes that are generally equally applicable to citizens in the United States and its possessions. The payment of such taxes reduces funds available for other economic needs.

The provision of a direct allowance for social security taxes paid rather than the standard allowance included in the BLS low budget level is necessary because of the ever-growing disparity between the standard allowance used and the actual FICA taxes paid by a family. The actual social security taxes paid by a family have increased at a greater rate than the allowance for such taxes in the budget standard adjusted by the CPI because of changes in the FICA rate and the basic amount of income subject to FICA taxes. In 1967, employers contributed 4.4 percent on maximum creditable earnings of $6,600. In 1974, however, employees contributed 5.85 percent on maximum creditable earnings of $13,160. For example, the provision for social security contribution in the 1967 BLS low budget level of living was $265. If this amount was updated by the increase in the CPI that has occurred between 1967 and December 1974, an increase of 55.4 percent, we would arrive at an allowance of about $410. In 1974, this amount of FICA taxes would have actually been paid by a person earning about $7,000. Consequently, a standard allowance would understate the actual taxes paid by families above this level of income. This understatement would be significant as families approach a moderate level of living since the FICA tax is applied against creditable income up to $13,160. In addition, since the BLS standards assume only one wage earner, use of a standard allowance would provide no allowance for social security taxes paid by a second working spouse, significantly overstating the income available to meet postsecondary educational costs.

In determining the Minimum Standard Allowance used in the uniform methodology, only the consumption portion of the BLS low budget standard was used and no standard allowance for social security taxes was included.

In addition to the allowance made for Federal income and employment taxes, the uniform methodology also takes into account the other taxes, state and local income, property, sales and excise, which families must pay. It is recognized that the collection of exact tax information within each locality and state for individual families would be an extremely difficult task and poses problems with respect to accuracy of the information collected. On the other hand, to allow only for certain taxes, such as state income, and to exclude property, sales and excise taxes would provide inequitable treatment to certain families, considering the fact that there tends to be some general uniformity of the overall tax burden by income groups in the United States.

In the proposed methodology, provision is made for the average payment of state and local income, property, sales, and gasoline taxes through the provision of an allowance based upon the family's reported total income for computation purposes. These allowances have been derived using estimates of the property, sales and excise taxes contained in the BLS low budget standard, adjusted for changes in the Consumer Price Index and average family size and information published by the Internal Revenue Service on state income taxes deducted by various income levels throughout the United States.[2] The following percentages of reported total income for computation purposes are used as the allowance for state and local income, property, sales and gasoline taxes:

Reported Total Income for Computation Purposes	Percentage of Income as Allowance for State Income and Other Taxes
\$ 0 to \$ 6,000	10%
\$ 6,000 to \$10,000	9%
\$10,000 or more	8%

An allowance is made in the uniform standard for provision of unusual medical and dental expenses. In an effort to enhance the accuracy of the information reported, the uniform methodology uses those medical and dental expenses (excluding medical insurance) allowable as a deduction for Federal income tax purposes. Since provision for the basic medical expenses (including medical insurance) for families is made in the minimum standard allowance, such expenses that are allowable for income tax purposes (exceeding 3 percent of adjusted gross income) more closely approximate unusual or extraordinary expenses to a family.

Special allowances are also given for extraordinary expenses that are not normal expenses of family life and reduce a family's usable income. The allowable expenses in this category are those associated with "acts of God." These are expenditures of a casualty or theft nature that are not foreseen and do not arise from an act of consumer choice. Again, in order to retain the reliability of the information reported and to minimize confusion about the terminology of "unusual expenses," the uniform methodology uses those deductions for casualty and theft losses as defined and allowed for Federal income tax purposes.

In the development of the uniform methodology, emphasis was given to the tenets that a system of determining parental ability to pay should be kept as simple as possible, be based upon reliable information, and provide for horizontal and vertical equity. In the provision of an allowance for extraordinary expenses, care is taken to insure that arbitrary value judgments are minimized within the confines of assessment of parental ability to pay. It is more properly the role of the financial aid officer to consider the individual family circumstances and ascertain the appropriateness of an additional allowance for other unusual family expenses or debt rather than a centralized system with rigid, specific delineations of what is and is not allowable.

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[2] Statistics of Income: 1972 Individual Income Tax Returns, Department of the Treasury, Internal Revenue Service, Washington, D.C.

In addition to these deductions, the uniform methodology provides a working spouse allowance where there are two working parents or where there is only a single parent. This allowance is 50 percent of the lesser income or $1,500, whichever is least. The allowance is meant to adjust total income in recognition of the additional employment and other expenses incurred by families where two people are earning that income. When two parents are working they incur additional expenses for clothing, transportation, and meals away from home and in a number of cases expenses for child care that are not included in the BLS low budget standard which assumes only one wage earner.

Thus from the total family income (taxable and nontaxable) are subtracted certain deductions; i.e., Federal income and social security taxes, an allowance for state income and other state and local taxes, and if applicable, a working spouse allowance, medical, and extraordinary expenses. The remainder is considered to be "effective income."

The uniform methodology provides for a standardized allowance called the Minimum Standard Allowance (MSA). The MSA represents the cost of the basic necessities for each family member, excluding the applicant, receiving over one-half support from the family. The uniform methodology assumes that the student will not be part of the family unit for a period of nine months; consequently, no provision for his expenses during this period are included in the MSA. Use of the MSA, therefore, exempts from contribution the amount of income necessary to provide for the most basic expenses of the remaining family unit.

The following Minimum Standard Allowances are based on the spring 1967 consumption cost estimates of the Bureau of Labor Statistics (BLS) for a family living at a low standard of living with certain adjustments. Since a direct allowance, based on total income for computation purposes, is made for state income and local property, sales, and gasoline taxes in the uniform methodology, all such taxes that were a part of the BLS low budget standard were subtracted. In addition, since the MSA represents the basic expenses required by the family unit remaining in the household, that portion of the standard representative of the applicant's basic living expenses for a nine month period were also deducted. The remaining BLS low budget consumption costs were adjusted for changes in the Consumer Price Index through December, 1974, and to provide for families of differing sizes by using the BLS Equivalency Scales.

Family Size (Including Applicant)	MSA
2	$ 4,180
3	5,140
4	6,430
5	7,590
6	8,550
7	9,070
8	9,580
9	10,090
10	10,610
11	11,120
12	11,640

It should be noted that the BLS equivalency scales used in the derivation of the above MSA's was that based on age distribution appropriate for parents and students in the undergraduate years. When the uniform methodology is used to measure estimates of parental ability to contribute toward the educational costs of postbaccalaureate study in graduate or professional schools, these MSA's should be increased by 5 percent to be more representative of the general age distribution of that population.

It should be pointed out that family size in the proposed system is determined by the number of family members receiving over one-half their support from the family. Use of the family member concept eliminates the need for an arbitrary allowance for dependents other than children, and the dollar level it represents (differing by family size) is a more current approximation of the expenditures in dollars and in kind that the family is providing.

Thus, from the total family income (taxable and nontaxable) are subtracted Federal income and social security taxes, an allowance for state income and local property, sales, and gasoline taxes, certain allowable deductions, a working spouse allowance (if applicable), and an appropriate standard allowance based on family size. The remainder is considered to be "available income" and is available to the family for supplementation of the Minimum Standard Allowance and a variety of other discretionary purposes, one of which is assumed to be the provision of expenses of the applicant while attending a postsecondary educational institution.

The calculation of available income in the proposed uniform methodology can be illustrated as follows:

Taxable wages, salaries, tips and other employee compensation:
  Father
  Mother
+ Dividends
+ Interest
+ Income other than wages, dividends, and interest
- Adjustments to income (sick pay, moving expenses, business expenses, etc.)

= Adjusted gross income for year preceding academic year
+ Nontaxable income for year preceding academic year
= Total income for computation purposes
- Federal income and social security taxes
- Allowance for state and local taxes
- Deductions claimed for tax purposes on the basis of medical/dental expenses (excluding insurance premiums)
- Deductions claimed for tax purposes on the basis of casualty and theft losses
- Housekeeping allowance (if appropriate)
= Effective income
- Appropriate minimum standard allowance
+ Available income for supplemental and discretionary purposes

It is from the available income of the family, if any, that support is expected toward the expenses of the student while attending a postsecondary educational institution. When available income is negative, this is indicative of a situation where the family income is generally insufficient to provide even for a minimum standard of living for the remaining family members and the student's needs may be greater than that of the institution's standard student expense budget.

Parental Contribution from Assets

Since assets contribute to the financial strength of the family, it is important to include them when assessing the family's ability to pay for postsecondary education. A strong net assets position indicates greater capacity to finance postsecondary expenses out of current income, and greater access to financial resources in general. Rather than expecting a family to liquidate its assets, the assessment of assets indicates the family's ability to contribute more (or less) from its income as a result of its total financial strength.

In general, the uniform methodology views the expected contribution toward the cost of attending a postsecondary institution in light of the total financial strength of the family as generated by the interaction of income and assets. It is generally recognized that the possession of assets gives greater total financial strength than income alone. Following this concept, the family with small income and large assets may have the same relative financial strength as another family with a higher income but fewer or no assets.

The uniform methodology measures the financial strength provided by various combinations of income and assets by determining the potential supplementary income that would be expected from a given value of assets. Since assets generally have been accumulated by deferring the purchase of goods and services from income in the past, the assets can be considered available to supplement the purchase of goods and services from income at the present and in the future. The uniform methodology assumes that this supplement to current family income from assets is prorated over the expected lifetime of the parent. While families may not convert their assets according to this formula, the technique serves to group families equitably with approximately the same financial strength when both income and assets are considered together.

The standard items to be considered as assets in the proposed system are:

1. Residence equity
2. Other real estate equity
3. Cash assets
4. Other investments
5. A portion of business/farm net worth according to the following formula:

Net Worth	Amount Assumed to be Available
$ 1 - $ 20,000	40% of net worth
$ 20,001 - $ 60,000	$ 8,000 plus 50% of excess over $ 20,000
$ 60,001 - $100,000	$28,000 plus 60% of excess over $ 60,000
$100,001 or more	$52,000 plus 100% of excess over $100,000

In those cases in which a farm or business is the principle source of family income, a portion of the assets of that farm or business should be protected to avoid endangering the income-producing ability. The uniform methodology recognizes this by allocating increasing shares of net worth of a farm or business toward educational costs in accordance with the above formula.

The uniform methodology does not take into consideration the value of consumer goods or assets, nor are outstanding loans or debts -- incurred in connection with purchases of such durable consumer goods as automobiles, household furnishings, and appliances -- considered. It does recognize that all family assets are not available for the payment of postsecondary educational costs but rather have been accumulated for a variety of purposes including emergencies, future consumption, and eventual retirement.

In essence, the dollar allowance against net assets is determined by the additional income required to provide the difference in the 1967 BLS moderate income level for a retired couple or individual (updated for changes in the CPI) and the current average social security benefits for a similar type family. It is assumed that future increases in inflation will be offset by changes in the future benefit levels so that use of current average benefits and budget needs serves as a relatively good proxy. The additional income required to provide for the difference in the current moderate level of retirement income for a couple ($6,080) and the average current social security benefits for a retired couple ($4,220) is $1,860. The uniform methodology then provides as an allowance against assets, the amount that might be demanded as a single payment by a commercial insurance company at differing ages of the primary working parent in return for the payment of such annuity (excluding dividends, if any) per year beginning at age 65. Allowances in those cases where the mother is sole support are derived in a similar manner. Retirement allowances for selected ages and family types under the uniform methodology are illustrated below:

Age	Two-Parent Family	Mother Sole-Support
42	$ 9,200	$11,400
47	10,600	13,100
52	12,500	15,300
57	15,000	18,100
62	18,600	22,000
65	21,600	25,200

Under the uniform methodology, the allowance made prior to considering the amount of assets available to help meet postsecondary educational costs will change only in relation to the difference between BLS estimates of the moderate income levels required for a particular family type and the average social security benefits then being paid. When the average social security benefit increases at a greater rate than the CPI, the retirement allowance will decrease. On the other hand, when the CPI increases at a greater rate than the average social security benefits then being paid, the allowances will increase.

After provision against net worth has been made for an appropriate retirement allowance the family's remaining assets are considered discretionary.

It is from the discretionary net worth of the family that the additional financial strength generated by assets is measured. The discretionary net worth represents the portion of family net worth above that required to provide a moderate level of retirement income and could be considered available for the family to use in supplementing income at present and into the future.

The purpose of the income supplement is to take account of the contribution that discretionary net worth makes to ability to pay for goods and services out of current income. The percentage of discretionary net worth that is assumed to be converted to an annual supplementary income flow is 12 percent. A uniform conversion ratio was chosen because of its ability to recognize changes in the economy. A single conversion rate has the advantage of understandability, and its rate reflects the current practices in the national services and a close approximation to that used in the Basic Grant Program.

In order to provide equity in those cases where famliy assets are below the uniform methodology allowance levels and Available Income is less than $4,000 (an income level approximating the moderate budget level), the system provides an allowance against income at the rate of 6 percent of the difference between actual net worth and that amount of assets that would be required to provide the appropriate allowance. The rationale for this treatment is if families with assets are "protected" to the extent of their retirement needs, similar families without such assets should have a portion of their income "protected" from contribution toward educational costs in order to provide toward that future need. This methodology is similar in concept to the current IRS regulation which allows for reduction in income for federal income tax purposes if devoted to future retirement needs. The rate of 6 percent was chosen as an appropriate approximation of the annual rate of saving that would be necessary to achieve the necessary additional assets needed given the average age of parents seeking financial assistance for their children.

The final step before determining the amount parents can reasonably be expected to contribute toward meeting educational expenses is to determine the adjusted available income of the family. Adjusted available income is the available income plus the income supplement from discretionary net worth. The adjusted available income reflects the economic strength of the family resulting from a combination of its income and assets. Contribution toward educational expenses is derived from this amount.

Expected Parental Contribution from Adjusted Available Income

Since available income represents the money available for supplementary and discretionary purposes, the question remains: What portion should be expected toward the total postsecondary educational expenses? The existing national services (CSS and ACT) have approached this question by applying progressive tax theory to need analysis. Given the concept of a basic minimum standard, money over this standard can be considered available for a variety of purposes. Economists have demonstrated that as the amount of money available to the family for discretionary purposes increases, the ratio of basic consumption expenditures to total income decreases. Thus, as income increases, a larger percentage of income may be taxed with less effect on the support of the family. The uniform methodology uses the following taxation rate schedule for estimating the ability of the family to contribute toward educational costs:

Adjusted Available Income Taxation Rate Schedule

Adjusted Available Income	Taxation Rates
$(3,200) or less	$ (700)
$(3,200) to $4,000	22%
$ 4,000 to $5,000	$ 880 plus 25% of NAI over $4,000
$ 5,000 to $6,000	$1,130 plus 29% of NAI over $5,000
$ 6,000 to $7,000	$1,420 plus 34% of NAI over $6,000
$ 7,000 to $8,000	$1,760 plus 40% of NAI over $7,000
$ 8,000 or more	$2,160 plus 47% of NAI over $8,000

These rates have been developed to approximate the expected parental contribution used by the national services for the 1974-75 processing year. Adjustments for changes in the cost-of-living will be reflected by changes in the Minimum Standard Allowance generally increasing it to reflect higher expenses. The taxation rates would remain unaffected as they apply to Adjusted Available Income so that any given level of AAI will have the same dollar contribution from year-to-year. Changes in the rates of taxation would only take place when there were fundamental changes in the underlying ability of parents to contribute toward postsecondary educational costs.

Treatment of Multiple Siblings

Basic to any system for measuring parental ability to pay for the costs of attendance at postsecondary educational institutions is the special provision that can or should be made in its procedures for families that have more than one child in simultaneous attendance. An extremely pure ability-to-pay view would call for parental contribution to be independent of the number of children going to college and be determined only by the measure of parental resources. Given recent history such a pure approach is probably difficult to specify and to implement and is not necessarily the most desirable. The concept of equity can accommodate a benefit element: families whose members absorb more of the output of higher education may, with fairness, be expected to contribute more out of a given level of resources. The problem that generally arises is "how much more should they contribute?."

In its report, "New Approaches to Student Financial Aid," the Cartter Panel found that current need analysis procedures gave substantial favoritism to parents with multiple siblings in college and suggested that a reasonable reduction in this favoritism could be achieved. In its final report, the Panel recommended:

> "The Panel therefore recommends that:
> An appropriate technique be devised to provide for some reduction in the contribution when a second or third child is simultaneously in college, without producing the excessive favoritism now shown to parents of children whose college years overlap."

The uniform methodology recognizes that a family with more than one member attending a postsecondary institution should contribute a greater amount from a given stock of resources than a family with only one member in attendance by increasing percentages of the expected parental contribution. This methodology is set forth in the following table:

Number of Post-Secondary Students in Attendance	Contrib. Per Student as a Percent of Standard Contribution	Family Contrib. for All Students as a Perc. of Standard Contribution
1	100%	100%
2	70	140
3	60	180
4 or more	50	200+

Measuring Student Resources for Postsecondary Educational Expenses

The national financial need analysis systems have, from their inception, incorporated the basic principles of self-help. The theme reflected throughout is that ". . . the student has an obligation to assume a responsibility for a portion of the cost of his education. This obligation is reflected through a systematic expectation of contribution from a student's own savings and employment income."

This self-help concept is included in the uniform methodology and the student is expected to make some contribution from summer earnings, previous savings, and such other resources that he might be entitled to such as social security, veterans, and war orphan benefits.

Expectation from Summer Savings

The uniform methodology expects the following standard summer savings expectation from dependent students:

Standard Summer Savings Expectation

Student Status	Expected Contribution
Prefreshman	$500
Presophomore	600
Prejunior	700
Presenior	700

It must be pointed out that the concept of self-help is a philosophical one and that whatever amount is assumed to be made available as student self-help in need analysis procedures serves primarily as a benchmark of what the student's responsibility toward his own education should be. Because of the aid administrator's sensitivity to and knowledge of local conditions, he or she will be better able to judge the opportunity for employment which will vary considerably among geographic regions and even by size of city, and hourly earnings in which significant differences can also be found. In addition, it may be impossible for students to engage in summer employment because of illness, academic scheduling, etc. In such cases the financial aid administrator should be prepared to offer some self-help obligation through current employment or by the use of loans that enable him to meet obligations through future employment.

Student Assets

In the case of a student who may be considered dependent on his parents, the calculation of contribution from student's assets is achieved in the following manner:

Total assets of student
- Indebtedness of student (excluding educational and consumer debts)
= Net Worth
- Emergency allowance ($500 per family member dependent on the student for support other than the applicant)
= Discretionary net worth
x Asset taxation rate of 35 percent
= Contribution from dependent student's assets

Other Student Resources

In the uniform methodology, social security benefits which continue to be paid on behalf of a student, after the age of 18 when enrolled in a postsecondary educational institution, are treated as part of family income or as a student resource depending on the level of family Adjusted Available Income.

It should be noted that from the point of view of the Social Security Administration, the student benefit is not a form of student aid. While the term "student benefit" derives from one of the four conditions for entitlement, full-time school attendance, it does not describe the intent of the program nor the reason for which the benefit is paid. That intent and reason are found in the basic condition for entitlement: The student is a dependent child of a worker whose earnings are lost due to death, disability, or retirement. Lost earnings are replaced by benefits which are paid in portion to the dependent members of the worker's family. The student child is deemed dependent since full-time school attendance is assumed to preclude self-support through employment.

The uniform methodology recognizes that the family expenses such benefits were covering prior to the student's 18th birthday continue while pursuing postsecondary educational opportunities. Where the family income is low, all social security benefits are considered as part of family income in determining the expected parental contribution toward postsecondary educational costs. However, when family income is above the equivalent moderate standard of living, it is assumed that sufficient income is available from resources other than the student's share of social security payments to meet the continuing expenses of the family and that all of the student's share of the social security payment is available to meet the student's expenses while attending a postsecondary institution.

The following table illustrates the allocation of that portion of the social security benefits attributable to the continued dependency of the student, as a portion of family income or as a direct student resource:

Adjusted Available Income	Percentage of Student Benefit Payments Allocated as: Family Resource	Student Resource
Less than $ 400	100%	0%
$ 400 - $ 799	90	10
$ 800 - $1,199	80	20
$1,200 - $1,599	70	30
$1,600 - $1,999	60	40
$2,000 - $2,399	50	50
$2,400 - $2,799	40	60
$2,800 - $3,199	30	70
$3,200 - $3,599	20	80
$3,600 - $3,999	10	90
$4,000 or more	0	100

Veteran and War Orphan Benefits

In the case of benefits provided through Federal and state programs dealing with veterans and their dependents (i.e., vocational rehabilitation, educational benefits for veterans, war orphan benefits, etc.) they are considered to be available for educational expenses at a 100 percent rate. These are specifically student benefits and are made available to meet the specific costs of postsecondary education. Their inclusion as a part of student resources continues to be appropriate.

Measuring Self-Supporting Students' Ability to Pay

In contrast to the detailed methodology and rationale that has evolved over the last 20 years in the measurement of parental ability to pay postsecondary educational costs, the measurement of self-supporting students' ability to pay is of comparatively recent origin. The uniform methodology is based upon the generally accepted principles that are currently being utilized in the national need analysis services. In general, the methodology is concerned with the measurement of total student resources that will be available to meet the educational and living expenses during the period that he is seeking assistance. Since a self-supporting student, by definition, must provide for his own subsistence and other expenses both within and without the academic period, the uniform methodology measures the resources available to the student based upon the estimated income from all sources for the twelve-month period between July 1 of the year immediately preceding the fall term through June 30.

Concept of Available Income

The uniform methodology utilizes the concept of "available income" in its procedures for measuring the resources available to the self-supporting student. Available income, in this case, is defined as that income available to the student for meeting living and educational costs after allowances have been made against the total extimated resources for the following expenses:

1. Federal income and social security taxes to be paid

2. State income tax to be paid

3. Working spouse allowance (if appropriate)

An allowance is made for Federal income and social security taxes because such taxes are mandatory and will vary depending on the amount of income earned and the number of employed persons within the family unit. For estimates of the Federal tax payment, a standard income tax is computed assuming the appropriate standard deduction and number of exemptions in the family unit. The estimated social security taxes are developed by multiplying the applicant's and spouse's (if appropriate) income from wages, salaries and tips by the current FICA tax (5.85 percent) to a maximum allowance of $770 for each working spouse.

In addition to the allowance for Federal taxes, the uniform methodology makes an appropriate allowance for state income taxes for students residing in one of the states assessing such taxes by using the appropriate tax computation schedule and assuming standard deductions.

A working spouse allowance is made in the uniform methodology for those students whose husband or wife is employed or where there is a single parent. This allowance is meant to adjust the total income for the additional expenses incurred by families that do not have the advantage of a nonemployed spouse. This allowance is 50 percent of the spouse's estimated income from wages, salaries and tips, or $1,500, whichever is less.

After these allowances are made, the remaining taxable income is added to the applicant's other nontaxable income, resources and benefits. The total is the Available Income to the student to meet his living and educational expenses in the forthcoming year.

The calculation of the Available Income in the uniform methodology can be illustrated as follows:

Applicant's estimated wages, salaries, and tips
+ Spouse's estimated wages, salaries and tips
+ Other taxable income
= Total taxable income for computation purposes
- Federal income taxes to be paid
- FICA (social security) taxes to be paid
- State income taxes to be paid (if applicable)
- Working spouse allowance (if applicable)
+ Estimated financial assistance from applicant's parents
+ Estimated financial assistance from spouse's parents
+ Other nontaxable income and benefits
= Available income

Self-Supporting Student's Contribution from Assets

Since assets also contribute to the financial strength of the applicant, it is important to include them in assessing the applicant's ability to pay for postsecondary education. The uniform methodology assumes that students who are self-supporting and who have substantial assets have decided that education is the most important expenditures that they can make; thus, it's reasonable to expect that a significant portion of their assets will be made available to meet educational costs. The uniform methodology expects the single self-supporting student to commit a significant portion of his or her assets to help meet educational and basic living expenses. As students continue beyond undergraduate education and assume family responsibility, it is important to protect a portion of their assets. Therefore, the uniform methodology would expect a decreasing amount from the student's net assets as the applicant's age increases. Likewise, an emergency allowance of $500 per family member is allowed in the uniform methodology for each family member other than the applicant.

In general, the uniform methodology for self-supporting students follows much the same procedure in arriving at the Contribution from Assets as does the uniform methodology for dependent students.

Calculation of this Income Supplement in the uniform methodology can be illustrated as follows:

Home equity
+ Net value of investments and other real estate
+ Total cash, checking, and savings accounts
+ Adjusted net worth of business/farm
- Other debts (excluding education and consumer debts)
= Net worth for computation
- Emergency allowance ($500 per family member other than the applicant)
= Discretionary net worth
x Asset taxation rate:

Age	Rate
25 and under	.35
26 - 30	.30
31 - 35	.25
36 - 39	.20
40 and over	.12 (same as parents)

= Self-supporting student's income supplement

The Income Supplement is then added to the self-supporting student's Available Income to equal the Adjusted Available Income.

National Budget Standard

Since the Adjusted Available Resources are the total amount of funds that are considered available to the student to meet his living and educational costs during the forthcoming year, it is necessary to provide an estimate of the consumption portion of the student's expenses in order to determine the amount of student resources available to meet the direct educational costs (tuition, fees, books and supplies).

The uniform methodology provides a national budget standard, the Independent Student Allowance (ISA), based upon the 1967 BLS moderate budget level consumption expenditures updated by changes in the CPI and adjusted for age and family size differences. In contrast to the MSA which is based upon the BLS low budget level consumption expenditures, the ISA uses the BLS moderate standard. Since 100 percent of the resources available to the student are considered to be available for the payment of living costs and educational costs, it is important that adequate provision be made for the living cost component. In contrast, parental estimates of ability to pay direct educational costs are some fraction less than 100 percent. Consequently, supplemental funds are available to the family to supplement the Minimum Standard Allowance based upon the BLS low budget estimates.

The ISA represents the basic expenses required by the applicant and/or his or her family for a 12-month period. The 1967 BLS moderate budget consumption expenditures, adjusted for changes in the CPI through December, 1974 and appropriate family characteristics are as follows:

	Three Months	+	Nine Months	=	Twelve Months
Single	$ 970		$2,940		$3,910
Married	1,360		4,120		5,480
Married, 1 child	1,720		5,210		6,930
Married, 2 children	2,000		6,060		8,060
Married, 3 children	2,670		8,080		10,750

The difference between the Independent Student Allowance and the Adjusted Available Income equals the student's contribution available to meet the out-of-pocket direct educational costs for tuition, fees, books and supplies and from which estimates of the applicant's financial need would be uniformly measured.

APPENDIX F

Additional Considerations About the Common Form

The Working Committee on Common Form was charged by the Task Force with the review of various delivery systems for the Student Common Data Form. The main body of the Task Force report summarizes their findings in this regard. This appendix is intended to provide additional detail and background to the recommendations made earlier. It is devoted to 1) a statement of the elements which must be contained or taken account of in any such delivery system; 2) details of the several alternate approaches to a delivery system; and 3) pros and cons of alternate delivery systems.

The implementation of any basically unified or common approach to data gathering will have definite impact on present systems. Currently, the disparate nature of the methods of administration of student aid funds and the varying analyses of student application information contribute to the complexity of the application process. The multiplicity of application forms which must often be filed by the same persons for the purposes of achieving eligibility for, and support from, programs could be replaced by generally simpler and fewer forms. At the present time, there is nothing inherent in the notion of a Common Student Data Form which would invalidate varying methods of assessing financial strength. In an environment where national services are moving towards more common answers, the Student Common Data Form concept is a natural extension. The adoption of a consensus model for needs analysis makes the whole prospect more feasible.

Several questions consistently reappear relevant to the Committee's responsibilities in defining the kinds of systems to be implemented in employing a Student Common Data Form. They are as follows:

1. Can technological neutrality be achieved in the use of a Student Common Data Form? Can _a_ form be developed which can be used by systems employing different methods of data entry (i.e., keypunch and mark-sense)?

2. What approaches to processing of forms are feasible or desirable from the viewpoint of institutions, states, or the Federal government?

3. What are the cost implications of a system incorporating a Student Common Data Form? This issue breaks down into others, including distinction between the cost relative to the program which accrues to an agency, and the price which accrues to students, institutions or agencies. In other words, who pays for processing applications?

4. How are the issues of confidentiality resolved in any particular mode of a Student Common Data Form delivery system; i.e., a multi-agency or a central agency approach or, for that matter, any variety of approaches?

5. What are the conditions for maximizing support for the acceptance and use of a Student Common Data Form?

TECHNOLOGICAL NEUTRALITY

There are no fundamental obstacles to creating a form, or a series of forms, which can satisfy the need for technological neutrality. Financial information forms, currently being submitted by students and families to various agencies and institutions, could be easily adapted to provide information in a form convenient for the purposes of machine-reading or keypunching. Several forms now being used provide both such capabilities. The present technology very adequately permits the development of a Student Common Data Form which can be processed from either mode -- it remains to determine the method by which better coordination can be achieved. This is necessary since students are concerned, as are aid administrators, with getting timely responses to their aid applications.

The degree to which data input is sped to existing processing services is a major concern. The Committee's concern lies in the answer to the question: What are the realistic turn-around times attributable to any delivery system? Furthermore, what trade-offs are involved in achieving technological neutrality? Could one such trade-off include a more complex single filing of information? Students could be required to file three or four or more copies of the same form and forward these to appropriate agencies. Under such a scheme, the student and family need accumulate information once a year, even though they may have to file that information on several copies of the same form.

PROCESSING CONSIDERATIONS

A variety of methods is possible by which student information may be processed in any system employing a Student Common Data Form. One approach would presume the adoption of a multi-agency policy on the part of the Federal government enabling needs analysis services (or other agencies) to generate eligibility indices for the Basic Grant programs. After the adoption of a multi-agency policy, any service could provide needs assessments and indices across a broad range of programs.

While it is also clear that the adoption of a Student Common Data Form by the Basic Grants Program would constitute a substantial revision of Federal policy, there are indications that adaptability by BEOG, for the broader purpose of carrying out the projects of the Task Force, may be both desirable and consistent with the goal of making the process by which students seek financial support less complex. The Student Common Data Form concept attempts to create the possibilities for broad acceptance and use without requiring major or difficult-to-achieve changes.

Another option for the processing of student aid information which has been championed would be the use of agencies as information transmitters. An additional approach which has received some attention would call for the creation of a "super-agency" serving as the single recipient of information, processing and output of eligibility and financial strength indices.

Success hinges on the ability of agencies to accommodate the Student Common Data Form concept while maintaining their unique character. The concept controls the type of data to be entered by the student and calculated for eligibility purposes. But not all administrative changes considered desirable to a delivery system (such as a Federal multi-agency policy) are central to the total success of the Student Common Data Form concept.

Likewise, discussion of a Federal multi-agency policy does not imply a unified needs analysis method, nor does it entail the dissolution of existing methods of assessing financial need. Any reference to processing is limited to the potential role which may be played by agencies in the flow of applications and information to other agencies which perform analyses and issue statements of eligibility and other indices. The Committee is concerned with encouraging modes of administration which best achieve the established goals while holding proper administration as a constant.

COSTS AND PRICE

Without making judgments about the parameters of tolerable cost for evaluating applications, the aggregate costs of administering major programs should be closely examined in order to measure the price to be born by students, institutions or public appropriations. Any system adopted should provide a way to reduce duplication of effort and resulting costs.

One way is through the creation of a system which truly permits the submission of one form per year for each applicant/family.

There is significant appeal to the notion of a system which is cost-free to students and families. It could be possible to realign today's cost structures to allow Federal, state, and institutional programs to subsidize costs for processing student aid applications. This should be possible to accomplish, without destroying the incentives of private enterprise, while eliminating cost duplication.

Other recommendations include direct billing to the Federal government or other governmental agency or institution for applications processed by services and other agencies.

CRITERIA FOR EVALUATING A SPECIFIC DELIVERY SYSTEM

In order for a Student Common Data Form delivery system to be viable and acceptable to a wide range of agencies and institutions, it is the Committee's belief that it must satisfy the following requirements:

1. That its use meets the charge of this Committee by permitting the use of one document per year per applicant and family;
2. That its use function within a system of timely notification to applicants;
3. That its use accommodate a wide variety of programs, in terms of which it is capable of generating indices appropriate to those programs;
4. That its use is cost-effective;
5. That its design provide the option that users, states and institutions receive an original, copy or transcript of the source document;
6. That its use be undertaken only after adequate field-tests have been designed, conducted and evaluated as well as followed in a comprehensive, separate monitoring program;
7. That management services coordinate with administrative services of such a system.

The Working Committee on the Common Form suggests that any delivery system be further evaluated in terms of these four basic criteria:

1. To what extent does the system move us toward the "one-form" objective? It may be necessary to trade-off certain conveniences of one system in order to better achieve the goal outlined here;
2. The feasibility of implementing the particular system which the Committee may recommend and the Task Force may adopt must be considered. There are general concerns as to feasibility (with respect to pure administrative implementation and timing) and with the way any new delivery system will impact upon other systems currently in place. Mere change for the purpose of change, where basic timing and the ability of existing systems to provide evaluations of applications are disrupted, is not progress. It is therefore necessary to carefully measure the way in which a new delivery system brings about change. This greatly influences the acceptability of any proposed delivery system model.

3. Any trading-off of the ability of agencies to provide students, institutions, and other agencies with its output responses in a reasonable timeframe must be avoided.

4. The direct, identifiable and indirect costs which the delivery system entails must be scrutinized. Direct costs alone are not a totally satisfactory measure of the true cost of a delivery system. Indirect as well as social costs must be considered. If the goal of simplification is central to the entire process of delivering student aid, the notion of cost should not limit the Task Force in designing a delivery system.

ELEMENTS OF A DELIVERY SYSTEM

The Working Committee on the Common Form, in order to best evaluate the kinds of systems which may be considered, has outlined fifteen elements which should be a part of any delivery system for student aid. They are as follows:

1. The production and distribution of forms. This means any and all forms which may be used in a system, including internal documents, editing documents, brochures, instructions, applications and output documents;

2. The process of completion and submission of documents by students and families;

3. The receipt of documents which are a) prepared for input, b) edited, c) converted and verified, d) updated by additional information from students, e) amended by supplements, and f) used for the purpose of building records;

4. The computation itself;

5. Production or the creation of output documents;

6. Dissemination or the distribution of analyses and reports of eligibility and financial strength;

7. Revisions and appeals;

8. Data verification;

9. Updating;

10. Access to the information (i.e., a) with the use of an output document and b) without the use of an output document);

11. The elements of a disbursement system. (How does the system interface with users?);

12. Revisions. (How is incompleteness treated? How is new information provided?);

13. Building the record for research evaluation and maintenance purposes;

14. Maintenance of the system;

15. Disposition of the file itself.

OPTIONS

Option I

This option is predicated on the Task Force's acceptance of the notion of "implantation" of commonly-agreed upon items within the existing systems. This approach has an attractiveness insofar as immediate coordination among differing systems is affected. Option I would not basically alter the situation where multiple forms exist, since agencies, states, institutions and others would merely employ their own applications as separate versions of a Student Common Data Form.

Once common items, common definitions and a Student Common Data Form are adopted in different forms by agencies, services, programs, and institutions, a first-level short-range goal towards attainment of a single form is satisfied. However, this is only a partial attainment of Task Force goals since this option -- i.e., to "implant" fundamental data requirements into existing application or needs analysis documents -- falls far short of the "one filing" characteristic of the intended goal. This first option guarantees the continued existence of many forms thereby obviating the possibility of one filing. This option thus has only very short-range acceptability.

Relatively minimal changes would be required to implement Option I. Although the adoption of a Common Student Data Form will require accommodations by programs and services, the adoption of Option I is automatic by reason of existing recommendations and findings of the Committee on the Common Form and the Committee on Need Analysis. The adoption of Option I as an interim system has already been affirmed by the October action of the Task Force.

Likewise, no remarkable issues for implementation seem to exist beyond the obvious adjustments necessary where alterations are made in any system's method of gathering data (including generating and distributing new forms, changing editing routines, developing instructions and the like). This is not to minimize the substantial efforts necessary to bring about change but we must emphasize that the administrative abilities and the coordinate technology exist to accomplish these very modest, short-range ends.

This option is superfluous to recommend. From the point-of-view of cost, the use of relatively similar (but separate) documents by many different agencies may far exceed the costs applicable to a unified application system where the advantages of single format and volume purchasing could lower the production and distribution costs.

Characteristics:

- Use of common items, definitions in separate versions of a common form
- Separate BEOG delivery system
- One agency processing BEOG's

Contribution toward goal:

- Short-range contribution already established ("implantation") but only as a temporary step for 1975-76

Changes necessary to make Option feasible:

- Adoption of common items, definitions, but not necessarily the consensus model

Technical feasibility coordination and timing:

- Coordinate timing not necessary, but desirable
- Technically possible

Cost:

- Expected to be minimal

On a scale of 1 to 5 (-) (+):

Option I

	1	2	3	4	5
1. Contribution toward goal		x			
2. Changes/feasibility					x
3. Technical feasibility					x
4. Cost implications			x		

Since its contribution towards the Task Force goal is minimal and short-run, Option I is not highly rated. Its high rating with respect to categories 2 and 3 relate to the fact that little has to change to implement Option I. It does not rate highest on the cost scale since its continued existence presupposes suplicative functions in printing, forms distribution, etc.

Options II and III

Option II presupposes the use, by agencies, states, the Federal government and institutions of the Student Common Data Form, a single application format in modes compatible for use by different processors. With the adoption of the Form, an instrument is available which can be utilized in all programs and the preparation of which, by the student and his or her family, requires one gathering of information for filing regardless of the number of agencies which will process the information. In fact, the Student Common Data Form will be designed in such a way that, for programs requiring fewer data items than the Form accommodates, color-coding or selective carbonizing of forms would provide programs with all necessary data without excess items, the gathering of which might be in conflict with specific program requirements.

To the extent that this or any other delivery option incorporates agreement among agencies, services and others to utilize the same form, the fundamental goal of requiring only one application per year per applicant is advanced. There is nothing inherent in Option II which would basically alter the system's integrity and the separate structure of programs. If an intermediate goal of the Task Force is to guarantee that the student need "accumulate" the necessary data only once, the use of a multiple copy Student Common Data Form, which can be directed by the student to different processors, could easily satisfy such a goal. Option II makes this readily possible.

Option II requires total consolidation and agreement on a consensus model and identification of elements necessary for determining eligibility, but does not require uniform timing and coordination among programs. Yet, the adoption of Option II brings the application process closer to that goal. The implementation of Option II should include the adoption of uniform institutional codes by national services and agencies. The feasibility of implementing Option II is substantial. Agreement on the consensus model and the Student Common Data Form would guarantee the possibility for implementing Option II just beyond the current processing year.

The anticipated cost implications of implementing Option II are presumed to be minimal. It is expected that agreement on uniform codes and instructions together with cooperative printing and distribution of forms would serve to lower costs. Option II is recommended as a medium-range objective for the 1976-77 academic year.

Option III is a counterpart to this delivery system where the Basic Grants delivery system ceases to exist by reason of the adoption of a BEOG multi-agency processing policy. The major implications for the distinction between this counterpart and Option II is the necessity in the latter of there being a separate output document, whereas under a non-BEOG delivery system an output document for the grant could be incorporated into results for all other programs.

The feasibility of a multi-agency BEOG policy may become of a higher order with the adoption of a single national standard of family financial strength and consensus on the components necessary and sufficient to conduct a needs analysis for any and all programs. However, it is not vital to adopt in order to achieve a viable Student Common Data Form system.

The introduction of a possible multi-agency processing policy for the Basic Grant Program poses some serious problems. In the first place, Federal procedures for forms clearance represent a substantial problem in any option. Secondly, the matters of follow-up by the agency and responses to inquiries are made more difficult where two or more processors are involved. The identification of potential processors and their designation is a monumental issue under Federal contract provisions. How many processors would be allowed to participate? How would the cost related to exclusively BEOG processing be separated from other needs analysis processing costs? The wealth of problems associated with this approach prevent our recommending implementation of Option III.

Characteristics:

- Use of a single CSDF; consensus model

Contribution toward goal:

- Closer to Task Force Goals
- Medium-range possibility for implementation with respect to aid applications for the 1976-77 academic year

Changes necessary to make Option feasible:

- Adoption of a common form, consensus model, common edit procedures
- Adoption of uniform codes
- Consolidated approaches to the printing of forms
- Agreements on coordinated distribution
- Although a multi-agency policy is a recommended aspect, this Option can still be affected even if a single agency policy is in effect since BEOG application items alone can be identified for filing purposes

Technical feasibility, coordination and timing:

- Possible even in the absence of total program coordination and timing

- However, adoption of Option III makes efforts at coordination and timing more likely and feasible. To run an Option III program one cannot forgo improvements in coordination and timing

- Longer-term feasibility will depend upon a broad, well-designed and monitored field-test program

Cost:

- Anticipated minimal cost impact

- Taken together with a recommendation for joint contracts for document printing and protocols on distribution there may be substantial cost savings under Option III

On a scale of 1 to 5 (-) (+):

Option III

	1	2	3	4	5
1. Contribution toward goal					x
2. Changes/feasibility				x	
3. Technical feasibility				x	
4. Cost implications				x	

Option IV

Option IV is characterized by a system whereby agencies serve as transmitters of information or applications to other agencies. Under Option IV a system would be created wherein students forward applications to a specified agency (such as his or her state agency) for distribution to processors, or for processing directly by that agency.

This option comes closer to one Task Force goal by reason of a structure which calls for each existing agency or service in receipt of a completed Student Common Data Form to send duplicates of the application material to other processors. For example, a Student Common Data Form, submitted on a multi-copy form to a state agency would be sent to another agency which may be responsible for processing applications for the college or university the student plans to attend. Likewise, a national service could transmit duplicate information to other processors (BEOG, for example, might forward copies of material filed to a state program). In no instance, as here described, does the recipient agency prepare or otherwise edit data for another processor. The strength to be gained by this approach is in the use of one multi-copy Student Common Data Form which is filed by the applicant so that both keypunch and mark-sense technologies are accommodated.

This assumes that 1) such a form is readily created or desirable and 2) that all agencies want and will accept identical data. This is not clearly the case when one considers the current differences between the desired data volume of the BEOG program and most other formats which have been examined.

What is needed to implement Option IV is agreement on one version of the Student Common Data Form, a high level of coordination among programs especially with respect to timing, and full awareness of the lags in receipt transmission and processing of data which can result from this method.

The difficulty in conceiving implementation of this option is mainly due to coordination and timing problems. This option can only be effectively undertaken in the presence of a very complex system of cross-communications; and it would nonetheless be prone to processing, mailing, deadline failures and other delays.

Option IV has some attractive features, especially its potential for the literal achievement of Task Force goals. Therefore, it is an option worth examining in the long-range perspective (i.e., five or more years beyond this time).

Costs are likely to increase substantially under Option IV, since in order for a student to be able to file just one form, it must be acceptable for either keypunch or mark-sense data entry. Therefore, the recipient agency must be prepared to make copies or to break down copysets, "go home" to students who have not filed sufficient original copies of mark-sense versions, etc. Also, the type of form conducive to this kind of processing is simply more expensive to print than ones currently in use.

Characteristics:

- Use of Student Common Data Form
- Further potential for multi-processing of BEOG
- Perhaps one form, one version (including "mark-sense")
- Student submits one form(s) to one location

Contribution toward goal:

- Meets a strict interpretation of the goal
- Longer-range possibilities due to many problems of implementation

Changes necessary to make Option feasible:

Technical feasibility, and coordination and timing:

- Same as Option III except that for this Option to work effectively, the system must be able to avoid lagtime, and program coordination and timing must be of a degree not yet realistically possible

Cost:

- Likely to increase

On a scale of 1 to 5 (-) (+):

Option IV

	1	2	3	4	5
1. Contribution toward goal					x
2. Changes/feasibility			x		
3. Technical feasibility		x			
4. Cost implications		x			

Option V

This option presupposes a "super-agency" as the single central processor, responsible for all input, processing and output activities. While this approach clearly reinforces the one form goal (no copies necessary) it falls farthest from the realm of possibility because its implementation depends upon a degree of coordination and timing among and between programs which is unrealistic in the forseeable future. Furthermore the Task Force does not wish to encourage the use of any option which might, in the curtailment of the roles of existing services, correspondingly reduce the quantity and scope of their overall services to educational institutions. These include training, information and other services.

Characteristics:

- Use of a Student Common Data Form
- One agency as the total delivery system
- One form, one filing, one copy

Contribution toward goal:

- Meets goal, except that of maintaining the integrity of services
- Long-range potential

Changes necessary to make Option feasible:

- Agency willingness to concentrate on services peripheral to but not including need analysis

Technical feasibility, and coordination and timing:

- Not realistic in any forseeable timeframe

Cost:

- Could be higher due to the possible establishment of a whole new organizational structure

On a scale of 1 to 5 (-) (+):

Option V

	1	2	3	4	5
1. Contribution toward goal			x		
2. Changes/feasibility	x				
3. Technical feasibility	x				
4. Cost implications		x			